THE NATIONAL ARCHIVES OF THE UNITED STATES
LITTERA SCRIPTA MANET
1934

FEDERAL REGISTER

VOLUME 12 NUMBER 177

Washington, Wednesday, September 10, 1947

TITLE 3—THE PRESIDENT

EXECUTIVE ORDER 9890

AMENDING EXECUTIVE ORDER No. 6783 CREATING THE QUETICO-SUPERIOR COMMITTEE

WHEREAS the Quetico-Superior Committee was created by Executive Order No. 6783 of June 30, 1934, and its existence has been extended from time to time, last by Executive Order No. 9741 of June 25, 1946; and

WHEREAS it is desirable to restate the authority of the Committee with respect to the wilderness sanctuary in the Rainy Lake and Pigeon River watersheds and to revise the list of agencies and organizations with which it is authorized to consult and advise; and

WHEREAS a vacancy exists in the membership of the Committee:

NOW, THEREFORE, by virtue of and pursuant to the authority vested in me as President of the United States, I hereby authorize the Quetico-Superior Committee to consult, advise with and invoke the aid of the Department of State, the Treasury Department, the Department of the Interior, the Department of Agriculture, the Department of Labor, the State of Minnesota, the Quetico-Superior Council, the Izaak Walton League of America, the Wilderness Society, and other civic, scientific, educational and conservation organizations concerned in the use and preservation of the said area in the public interest, and to make such recommendations from time to time as it deems proper; and I hereby appoint Olaus J. Murie, vice S. T. Tyng, deceased, to serve as a member of the Committee.

Executive Order No. 6783 is amended accordingly.

HARRY S. TRUMAN

THE WHITE HOUSE,
September 6, 1947.

[F. R. Doc. 47-8366; Filed, Sept. 9, 1947; 10:43 a. m.]

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 10—SPECIAL TRANSITIONAL PROCEDURES

REEMPLOYMENT BENEFITS AFTER TRANSFER

Section 10.111 (g) is amended to read as follows:

§ 10.111 *Reemployment benefits after transfer.* * * *

(g) The regulations issued by the Commission pursuant to Executive Order No. 9721 of May 10, 1946, and Executive Order No. 9862 of May 31, 1947 (Part 26 of this chapter), authorizing the transfer with reemployment rights of civilian employees of the executive branch of the Government to public international organizations in which the United States Government participates, and certain American Missions, shall be followed in connection with such transfers.

(Sec. 2, 22 Stat. 403, 50 Stat. 533, 5 U. S. C. 631, 633)

PART 26—TRANSFER OF PERSONNEL TO PUBLIC INTERNATIONAL ORGANIZATIONS IN WHICH THE UNITED STATES GOVERNMENT PARTICIPATES OR TO AMERICAN MISSIONS

Part 26 is revised to read as follows:

Sec.
26.1 Persons who may be transferred.
26.2 Definitions.
26.3 Submission of request.
26.4 Approval of transfer.
26.5 Separation from service.
26.6 Filling vacancy.
26.7 Acquisition of status.
26.8 Reemployment.
26.9 Report to the Commission.
26.10 Appeals to the Commission.

AUTHORITY: §§ 26.1 to 26.10, inclusive, issued under sec. 5, E. O. 9721, May 10, 1946, 11 F. R. 5209, E. O. 9862, May 31, 1947, 12 F. R. 3558.

§ 26.1 *Persons who may be transferred.* The following persons may be given consideration for transfer under Executive Order 9721 or 9862:

(a) Employees of any agency or department in the executive branch of the Federal Government who are serving under (1) probational or permanent civil service appointments, or (2) war service indefinite appointments regardless of whether a trial period has been completed.

(b) Former employees of such an agency or department who (1) are serving in a public international organization, (2) have served continuously in such organization since May 10, 1946, and (3) left war service indefinite or probational or permanent civil service

(Continued on p. 5973)

CONTENTS

THE PRESIDENT

Executive Order — Page
Quetico-Superior Committee, creation; amendment of E. O. 6783 — 5971

EXECUTIVE AGENCIES

Agriculture Department
See also Farmers Home Administration.
Proposed rule making:
Milk handling in Wichita, Kans., area — 6010
Rules and regulations:
Milk handling in Dayton-Springfield, Ohio, area — 5995
National School Lunch Act; apportionment of food assistance funds — 5997

Alien Property, Office of
Notices:
Vesting orders, etc.:
Biederlack, Hermann, & Co. — 6023
Blank, Erna, and Franz R. C. Unmack — 6022
Bollman, Frank H. — 6023
Faber, August, et al — 6024
Finscher, H. — 6021
Grassmann, Anna, and Joseph Grassmann — 6023
Kawamoto, G. — 6026
Kotachi, Y., and T. Mizoguchi — 6024
Meyerhoff, Carmelita Mueller, et al — 6024
Ostendorf, Johanna, Jr. — 6026
Scheuerl, Annie — 6022
Stock, Fritz, et al — 6025
Underwood Corp. — 6021
Watjen, Richard — 6021

Civil Service Commission
Rules and regulations:
Leave, annual and sick; miscellaneous amendments — 5974
Transfer of personnel to public international organizations in which U. S. Government participates or to American missions; revision of part — 5971
Transitional procedures, special; reemployment benefits after transfer — 5971

Farmers Home Administration
Rules and regulations:
Account servicing:
Remittances — 5980

FEDERAL REGISTER

Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Division of the Federal Register, the National Archives, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U. S. C., ch. 8B), under regulations prescribed by the Administrative Committee, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

The regulatory material appearing herein is keyed to the Code of Federal Regulations, which is published, under 50 titles, pursuant to section 11 of the Federal Register Act, as amended June 19, 1937.

The FEDERAL REGISTER will be furnished by mail to subscribers, free of postage, for $1.50 per month or $15.00 per year, payable in advance. The charge for individual copies (minimum 15¢) varies in proportion to the size of the issue. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington 25, D. C.

There are no restrictions on the republication of material appearing in the FEDERAL REGISTER.

CONTENTS—Continued

Farmers Home Administration—Continued — Page
Rules and regulations—Continued
Account servicing—Continued
Security — 5987
Settlement — 5983
Administration; general — 5974
Cooperative group services — 5983
Farm assistance, miscellaneous; flood restoration loans — 5995
Farm ownership:
Families — 5974
Farms — 5976
Loan processing — 5978
General program — 5974
Production and subsistence; collections — 5980

Federal Communications Commission
Notices:
Hearings, etc.:
Ari-Ne-Mex Broadcasting Corp. (2 documents) — 6015
Deep South Broadcasting Corp. and James A. Noe — 6014
Domestic telegraph communications; charges for U. S. Government — 6015
Foss Launch and Tug Co. et al — 6015
Francisco Rental Co. et al — 6014
Lake Worth Broadcasting Corp., Inc. (WBLW) — 6017
Mt. Pleasant Broadcasting Co. and R. G. LeTourneau — 6015
St. Andrew Bay Broadcasting Co. and Bay County Broadcasting Co — 6016
Utah Valley Radio Broadcasting Co. and Springville Radio Co — 6017
Wabash Broadcasting Co., Inc., et al — 6016
West Allis Broadcasting Co — 6017
WOOD — 6018
Rules and regulations:
Aeronautical services; frequencies available — 6009

Federal Power Commission
Notices:
Hearings, etc.:
City of Pasadena, Calif — 6019
Louisiana-Nevada Transit Co — 6018
Montana-Dakota Utilities Co. and Northwestern Public Service Co — 6018
Panhandle Eastern Pipe Line Co — 6018

Federal Trade Commission
Rules and regulations:
Organization, procedures, and functions — 6003
Rules of practice — 5997

Housing Expediter, Office of
Rules and regulations:
Suspension order; Ralph Saviola — 6007

Immigration and Naturalization Service
Rules and regulations:
U. S. armed forces; admission of spouses ineligible to citizenship because of race — 5997

Interstate Commerce Commission
Proposed rule making:
Uniform system of accounts; modification for carriers by inland and coastal waterways — 6013
Rules and regulations:
Car service; free time at ports on gondola cars — 6009
Household goods, transportation in interstate or foreign commerce; practices of motor common carriers — 6010

Materials Distribution, Office of — Page
Rules and regulations:
Rubber, synthetic rubber and products — 6007

Navy Department
Notices:
Navigation lights; destroyers, minesweepers, high speed, light mine layers, high speed transports, and destroyer escort vessels — 6014

Securities and Exchange Commission
Notices:
Hearings, etc.:
Pittsburgh Railways Co — 6020
Public Service Co. of Oklahoma et al — 6019

CODIFICATION GUIDE

A numerical list of the parts of the Code of Federal Regulations affected by documents published in this issue. Proposed rules, as opposed to final actions, are identified as such in parentheses.

Title 3—The President — Page
Chapter II—Executive orders:
6783 [1] — 5971
9890 — 5971

Title 5—Administrative Personnel
Chapter I—Civil Service Commission:
Part 10—Special transitional procedures — 5971
Part 26—Transfer of personnel to public international organizations in which the United States Government participates or to American missions — 5971
Part 30—Annual and sick leave regulations — 5974

Title 6—Agricultural Credit
Chapter III—Farmers Home Administration, Department of Agriculture:
Part 300—General — 5974
Part 340—General — 5974
Part 365—Families — 5974
Part 366—Farms — 5976
Part 367—Loan processing — 5978
Part 376—Collections — 5980
Part 382—Remittances — 5980
Part 383—Cooperative group services — 5983
Part 386—Settlement — 5983
Part 387—Security — 5987
Part 390—Flood restoration loans — 5995

Title 7—Agriculture
Chapter IX—Production and Marketing Administration (Marketing Agreements and Orders):
Part 968—Milk in Wichita, Kans., marketing area (proposed) — 6010
Part 971—Milk in Dayton-Springfield, Ohio, marketing area — 5995
Chapter XIV—Production and Marketing Administration (School Lunch Program) — 5997

[1] E. O. 9890.

CODIFICATION GUIDE—Con.

Title 8—Aliens and Nationality Page

Chapter I—Immigration and Naturalization Service, Department of Justice:

Part 126—Admission of alien spouses and alien minor children of citizen members of the United States armed forces.. 5997

Title 16—Commercial Practices

Chapter I—Federal Trade Commisssion:

Part 2—Rules of practice..... 5997

Part 7—Organization, procedures, and functions..... 6003

Title 24—Housing Credit

Chapter VIII—Office of Housing Expediter:

Part 807—Suspension orders... 6007

Title 32—National Defense

Chapter IX—Office of Materials Distribution, Bureau of Foreign and Domestic Commerce, Department of Commerce:

Part 4600—Rubber, synthetic rubber and products thereof.. 6007

Title 47—Telecommunication

Chapter I—Federal Communications Commission:

Part 9—Aeronautical services... 6009

Title 49—Transportation and Railroads

Chapter I—Interstate Commerce Commission:

Part 95—Car service..... 6009

Part 176—Transportation of household goods in interstate or foreign commerce..... 6010

Part 324—Uniform system of accounts for carriers by inland and coastal waterways (proposed)..... 6013

appointments to take their present employment.

§ 26.2 *Definitions.* (a) "Public international organization" is one designated by the President pursuant to the act of December 29, 1945 (59 Stat. 669).

(b) "American Mission" is the American Mission for Aid to Greece or the American Mission for Aid to Turkey.

(c) "Terminated without prejudice" means separation from the public international organization or American Mission to which transferred under Executive Order 9721 or 9862, either voluntarily or involuntarily, under circumstances which do not reflect on the transferee's suitability for further Federal employment.

NOTE: For list of public international organizations, see Executive Orders 9698, 9751, 9823, 9863, and 9887. A list of public international organizations is also contained on page R7-13 of the Federal Personnel Manual.

(d) "Consent of the head of the department or agency concerned" means the specific consent of the head of the department or agency or his designated representative for the employee's or former employee's transfer under Executive Order 9721 or under Executive Order 9862. A general release for employment elsewhere, or a release granted other than for the specific purpose of transfer under Executive Order 9721 or 9862 shall not be construed as "consent" under Executive Order 9721 or 9862.

§ 26.3 *Submission of request.* A request for the transfer of an employee or former employee under Executive Order 9721 shall be submitted by the public international organization, or under Executive Order 9862 by the Secretary of State, in writing directly to the agency or department in which such employee is serving or last served.

§ 26.4 *Approval of transfer.* The head of the department or agency concerned or his designated representative shall, if he determines to consent to transfer under Executive Order 9721 or 9862, give such consent in writing and address it to the requesting organization. The letter of consent shall specifically mention that consent is given under Executive Order 9721 or 9862. A copy of the letter of consent shall be placed in the agency personnel files, and a copy shall be delivered to the transferee. The agency or department concerned may set the date on which the consent becomes valid.

§ 26.5 *Separation from service.* Upon transfer under Executive Order 9721 or 9862, the employee shall be separated and his "separation by transfer under Executive Order 9721" or "9862" shall be reported to the Commission on the regular report of personnel changes.

§ 26.6 *Filling vacancy.* The appointment, reassignment, promotion, or transfer of an employee to fill a vacancy created by the transfer of an employee under Executive Order 9721 or 9862 shall be limited to the return of the specific employee transferred under the order; except that this section shall not apply in any case where the provisions of section 4 of Executive Order 9721 are made applicable to a former employee of a Federal agency serving with a public international organization at the time of issuance of Executive Order 9721, and where the position he left in the agency had already been filled prior to the time the provisions of section 4 of Executive Order 9721 were made applicable to him.

§ 26.7 *Acquisition of status.* Any employee who is transferred from a war service indefinite appointment under Executive Order 9721 or 9862 and who meets the conditions for acquisition of competitive status under section 2 of Executive Order 9721 shall be deemed to have acquired such status provided those conditions are met on or before May 10, 1949. Determination of status will be made by the Commission on request of a Federal agency or the transferee. Unless all conditions precedent to acquisition of competitive status under section 2 of Executive Order 9721 have been met on or before May 9, 1949, no rights accrue under that section. Determination that such conditions were so met may be made after that date.

§ 26.8 *Reemployment.* An employee transferred under Executive Order 9721 or 9862 must meet the following conditions in order to have a right to reemployment under Executive Order 9721 or 9862:

(a) He must have been serving under a probational or permanent civil service appointment prior to such transfer, or he must have met the conditions for acquisition of a competitive status under section 2 of Executive Order 9721. When reemployment rights depend on acquisition of status under section 2 of Executive Order 9721, request for such determination shall be presented to the Commission by the agency concerned promptly after receipt of application for reemployment, unless such determination was made theretofore.

(b) He must have been terminated without prejudice by the public international organization or American Mission to which transferred within three years of the date of his separation for transfer to such organization or within three years of the date of Executive Order 9721, whichever is later.

(c) He must apply for reemployment to his former agency or department (or its successor) within 90 days of his termination by such organization.

(d) He must be qualified physically to perform the duties of his former position or one of like seniority, status and pay.

Upon meeting the conditions for reemployment under Executive Order 9721 or 9862, the transferee's former agency or department (or its successor) shall reemploy him within 30 days of his application for reemployment. Such reemployment shall be in the employee's former position or in a position of like seniority, status and pay.

Upon reemployment under Executive Order 9721 or 9862, an employee shall be given the seniority and, to the extent consistent with law, the pay to which he would have been entitled had he remained continuously with the agency in his former position. He shall be considered as having competitive status and tenure and shall be given full credit for completion of probation for service in the international organization or American Mission since acquisition of status. Any sick leave to his credit at the time of his separation for transfer shall be recredited to him.

§ 26.9 *Report to the Commission.* (a) A transfer under Executive Order 9721 or 9862 shall be reported to the Commission on the regular report of personnel changes. In any case where the provisions of Executive Order 9721 are, with the consent of the Federal agency in which he was formerly employed, made applicable to a former employee of the agency, the action shall be reported as a transfer effective as of the date the employee left the Federal agency to take employment with the public international organization.

(b) A reemployment under Executive Order 9721 or 9862 shall be reported to the Commission on the regular report of personnel changes.

§ 26.10 *Appeals to the Commission.* There shall be no appeal to the Commission from a denial by the head of the agency or department or his designated representative of transfer under Executive Order 9721 or 9862. The Commis-

sion shall make final decision as to the acquisition of status of an employee under section 2 of Executive Order 9721 or under Executive Order 9862. An employee transferred under Executive Order 9721 or under Executive Order 9862 who has been denied reemployment may appeal to the Commission, and the Commission shall make final determination of his right to reemployment.

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] ARTHUR S. FLEMMING,
Acting President.

[F. R. Doc. 47-8293; Filed, Sept. 9, 1947; 8:49 a. m.]

PART 30—ANNUAL AND SICK LEAVE REGULATIONS

MISCELLANEOUS AMENDMENTS

1. Section 30.101 (b) is amended as follows:

§ 30.101 *Definitions.* * * *

(b) "Permanent employees" are those appointed without limitation as to length of service, or for definite periods in excess of one year, or for the "duration of the job," or for the duration of the present war and for six months thereafter; and those who, although paid only when actually employed, are continuously employed for a period of not less than one month, as distinguished from part-time or intermittent employees.

2. Paragraph (b) of § 30.201 *Accrual of annual leave* is renumbered (c) and a new paragraph (b) is inserted, which reads as follows:

(b) Effective July 1, 1946, employees, other than temporary employees, who are paid only when actually employed, and who serve any continuous period of not less than one month, shall earn and be credited with leave on the same basis as other permanent employees, at the rate of one day per bi-weekly pay period during the entire period of continuous service. Credits for such employees shall be in multiples of 4 hours.

3. Paragraphs (b), (c), and (d) of § 30.301 *Accrual of sick leave* are renumbered (c), (d), and (e) respectively, and a new paragraph (b) is inserted, which reads as follows:

(b) Effective July 1, 1946, employees, other than temporary employees, who are paid only when actually employed, and who serve any continuous period of not less than one month, shall earn and be credited with sick leave on the same basis as other permanent employees, at the rate of 1¼ days per month during the entire period of continuous service. Credit for such employees shall be in multiples of one hour.

(Sec. 7.1, E. O. 9414 Jan. 13, 1944; 3 CFR 1944 Supp.)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] ARTHUR S. FLEMMING,
Acting President.

[F. R. Doc. 47-8294; Filed, Sept. 9, 1947; 8:49 a. m.]

TITLE 6—AGRICULTURAL CREDIT CREDIT

Chapter III—Farmers Home Administration

MISCELLANEOUS AMENDMENTS TO CHAPTER

The following amendments are made to Chapter III of Title 6:

Subchapter A—Administration

PART 300—GENERAL

Part 300, "General" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Cum. Supp., Chapter III, Subchapter A), is amended by adding § 300.19 as follows:

§ 300.19 *Delegation and redelegation of authority to area supervisor for the Territory of Hawaii.* (a) The Area Supervisor for the Territory of Hawaii is authorized to exercise all authorities vested in the position of District Supervisor.

(b) The State Director having jurisdiction over the Territory of Hawaii is authorized to redelegate to the position of the Area Supervisor for the Territory of Hawaii any and all of the authorities vested in said State Director, pursuant to any section of this chapter, except any function of the State Director the redelegation of which is specifically prohibited.

(c) Authorities under direct delegations to the said State Director from Government officials outside the Farmers Home Administration and special delegations to him by name (rather than by position) may not be redelegated under this authority.

Subchapter E—General Program

PART 340—GENERAL

Part 340, "General" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Cum. Supp., Chapter III, Subchapter E), including § 340.1a (ibid.), is revoked.

Subchapter G—Farm Ownership

PART 365—FAMILIES

Section 365.11, "Selection of Applicants" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Cum. Supp., Chapter III, Subchapter G), is revoked, and §§ 365.1, 365.2, and 365.3 are added as follows:

§ 365.1 *Evaluating qualifications of applicants; criteria*—(a) *General.* In considering the qualifications of applicants to receive direct and insured Farm Ownership loans, no discrimination shall be made on the basis of descent, race, creed, or political affiliation.

(b) *Requirements.* The following requirements shall govern in considering the qualifications of applicants for direct and insured Farm Ownership loans. In order to be approved for a Farm Ownership loan, each applicant must:

(1) Be a citizen of the United States of America.

(2) Except for veterans, be engaged presently or have been engaged recently in farming as a means of providing a major portion of the family income.

(3) Be a farm tenant, farm laborer, share cropper, veteran or other individual qualified under subparagraph (2) of this paragraph, in order to be considered for a Tenant Purchase loan.

(4) Be a farm owner, contract purchaser of a farm, or other individual qualified under subparagraph (2) of this paragraph, in order to be considered for a Farm Enlargement or a Farm Development loan.

(5) Be willing to cooperate with representatives of the Farmers Home Administration in:

(i) Instituting and carrying out proper farming conservation practices and sound farm- and home-management plans.

(ii) Maintaining such records and accounts as required.

(6) Possess honesty, integrity, industry, and other qualities evidencing good character.

(7) Have shown a proper attitude toward meeting his debt obligations.

(8) Have a genuine desire for stability of residence.

(9) Be adapted to and interested in operating a family-type farm.

(10) Possess the necessary initiative, resourcefulness, and ability to succeed with the operation and management of a family-type farm.

(11) Be unable to obtain credit sufficient in amount to finance his actual needs at rates (but not exceeding 5 percent per annum) and terms prevailing in or near his community for loans of similar size and character from responsible sources.

(12) Except for disabled veterans, be free from incurable physical disabilities likely to interfere with successful farm- and home-management operations and with the repayment of the loan.

(13) Have all outstanding judgments against him settled or satisfactory arrangements made for settlement.

(14) Have no excessive nonreal estate debts which, together with the Farm Ownership loan, cannot be repaid from anticipated farm income.

(15) Be 21 years of age, unless legal disability of minority has been removed pursuant to the laws of the state. (This requirement also applies to the applicant's wife.)

(c) *Preference.* Preference shall be given to those applicants for direct and insured Farm Ownership loans:

(1) Who are veterans, in accordance with paragraph (e) of this section.

(2) Who are married or who have dependent families. Other things being equal, families with dependent children who will remain in the home for some years to come should be given preference.

(3) Who, wherever practicable, are able to make an initial down payment, or who are owners of livestock and farm implements necessary to carry on successful farming operations.

(d) *Limitations.* The following limitations shall be observed in selecting all applicants for direct and insured Farm Ownership loans:

(1) Unless an exception, together with the reasons therefor, is made in writing

by the State Director, an applicant for a Farm Ownership loan shall not be approved when the applicant or a person in his family is related to any employee who participates in the processing or approval of the loan in any of the following direct or step relationships: Father, mother, son, daughter, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

(2) No loan shall be made if a member of the County Committee participates in any certification with respect to the application in which such County Committeeman or any person related to such County Committeeman within the third degree of consanguinity or affinity has any pecuniary interest, direct or indirect, or in which any of them had such interest within one year prior to the date of certification.

(3) An applicant for a Farm Ownership loan shall not be approved if he has been employed by the Farmers Home Administration (including County Committeemen), unless at least one year has elapsed since the employee's resignation or retirement, except that an employee who is a veteran not returning to active duty with the Farmers Home Administration may apply for a Farm Ownership loan at any time on the same basis as any other veteran.

(4) An applicant for a Farm Enlargement or Farm Development loan shall not be approved unless he is engaged primarily in farming. The aim is to make such loans to actual farmers who have been unable to make a satisfactory living because their farms are undersized or underdeveloped.

(5) An applicant for a Farm Enlargement or a Farm Development loan, who has an existing mortgage or deed of trust on the land he owns, should endeavor to obtain funds for enlargement or development from the mortgagee or other responsible source. If such funds are not available in accordance with the provisions of paragraph (b) (11) of this section, the applicant may be considered for a Farm Enlargement or a Farm Development loan. If the mortgage is held by an agency under the jurisdiction of the Farm Credit Administration, the County Supervisor and the County Committee should ascertain from the local representative of that agency that an unsuccessful effort has been made by the applicant to obtain additional financing from the agency.

(6) An applicant who has a legal interest in a family-type farm held in estate may be considered for a Tenant Purchase loan to enable him to purchase the interest of the other heirs and to satisfy his share of any liens or encumbrances against the farm: *Provided:*

(i) That no funds are included in the loan for the payment of any equity held by the applicant which is free from encumbrances.

(ii) That the State Director determines in writing before approval of the loan:

(*a*) That the applicant is unlikely to receive an inheritance in a short time either of title to the property or of sufficient funds to make a Farm Ownership loan unnecessary, and,

(*b*) That the circumstances of the other heirs are such as to make it impracticable for them to sell the property to the applicant or to advance additional funds that would make a Farm Ownership loan unnecessary.

(7) An applicant who has a legal interest in a farm held in estate which is less than a family-type farm may be considered for a Farm Enlargement loan to enable him to purchase the interest of the other heirs, to satisfy his share of any liens or encumbrances against the farm, and to purchase additional land in accordance with the limitations contained in subparagraph (6) of this paragraph.

(8) An applicant for a Tenant Purchase loan may be approved if either he or his wife own, or has a legal interest in, a small tract of land which is of negligible value and cannot be developed into a family-type farm; *Provided*, That they agree in writing to dispose of such interest as soon as practicable and apply the proceeds as a payment on the loan.

(c) *Veterans.* In addition to the foregoing criteria for evaluating the qualifications of all applicants, the following procedure will be observed in considering the qualifications of veterans who are applicants for direct and insured Farm Ownership loans:

(1) *Preference.* Farm Ownership applicants who are veterans shall be entitled to preference over Farm Ownership applicants who are nonveterans. County Committees always shall consider the applications of veterans first. The steps involved in selecting applicants and farms up to the point of optioning the farms shall be completed with respect to these applications before completing similar steps with respect to applications of nonveterans.

(2) *Definition.* The term "veteran" as used in this Chapter pertaining to Farm Ownership loans means:

(i) A person who served in the land or naval forces of the United States during any war between the United States and any other nation and who has been discharged or released therefrom under conditions other than dishonorable, or,

(ii) A person who served in World War II and who is eligible for the benefits of Title III of the Servicemen's Readjustment Act of 1944, as amended, including:

(*a*) A person who served in the active military or naval forces of any government allied with the United States in World War II.

(*b*) A minor whose legal disability of minority is removed pursuant to the laws of the state. The County Supervisor will obtain from the State Director a determination as to whether the legal disability of minority has been removed pursuant to the laws of any particular state.

(3) *Evidence of eligibility.* When any person indicates on Form FHA-197, "Application for FHA Services," that he is a veteran, it will be necessary for him to furnish certain documentary proof that he is a veteran. Good judgment should govern as to the stage of negotiations at which the applicant will be asked to furnish such proof. The kind of proof required will depend upon whether the applicant claims eligibility as a veteran under subparagraph (2) (i) or (ii) of this paragraph.

(i) If eligibility is claimed under subparagraph (2) (i) of this paragraph, the applicant must furnish a photostatic or other copy of any official document, duly certified as a true copy of the original, which evidences that he is such a veteran. The document may be a discharge or other separation paper issued by the United States War Department, the United States Navy Department, the United States Marine Corps, or the United States Coast Guard; or it may be Veterans' Administration Form 1370, "Certificate of Eligibility," executed by the Veterans' Administration.

(ii) If eligibility is claimed under subparagraph (2) (ii) of this paragraph, the applicant must furnish a photostatic or other copy of Veterans' Administration Form 1870, "Certificate of Eligibility," executed by the Veterans' Administration, duly certified as a true copy of the original.

(4) *Ability, experience and training.* In determining the likelihood that a veteran will be able to carry out successfully undertakings required of him in connection with a Farm Ownership loan, County Supervisors, District Supervisors and County Committeemen should give careful consideration to his qualifications from the standpoint of ability and experience, including training as a vocational trainee. Ordinarily, a veteran having no farming experience should not be favorably considered for a Farm Ownership loan until he has acquired actual experience in performing the various seasonal operations related to the kind of farming in which he expects to engage. There may be exceptions, however, in very special instances, such as one in which a veteran will be associated with or closely directed by a member of his family, near relative or other person similarly interested in his welfare whose practical experience in farming temporarily will make up for the veteran's lack of experience. Otherwise, when a veteran has had no farming experience or training and evidences a desire to obtain such training, the County Supervisor should refer the veteran to the local office of the Veterans' Administration to obtain information regarding available farm training programs. If he arranges to take such training, the contribution that it may make toward his success may be taken into account in evaluating his qualifications.

(d) *Disabled veterans.* In addition to the foregoing criteria for all applicants and the procedure for veterans, the following special procedure will be observed in considering the qualifications of disabled veterans who are applicants for direct and insured Farm Ownership loans.

(1) *Definition.* The term "disabled veteran" as used in Farmers Home Administration Instructions pertaining to Farm Ownership loans means a veteran who is receiving disability compensation or pension pursuant to laws administered by the Veterans' Administration, the United States War Department, the United States Navy Department, the

United States Marine Corps, or the United States Coast Guard.

(2) *Evidence of disability.* When any person indicates on Form FHA–197 that he draws a veteran's disability compensation or pension and it appears that he is eligible to purchase a farm that is less than an efficient family-type farm-management unit, it shall be necessary for him to furnish, in addition to the evidence required by paragraph (e) (3) of this section, a letter from the Veterans' Administration, the United States War Department, the United States Navy Department, the United States Marine Corps, or the United States Coast Guard, which clearly discloses the nature of his disability and the amount and frequency of his disability compensation or pension payments. The source of these payments will indicate where the disabled veteran should apply for such a letter.

§ 365.2 *Evaluating qualifications of applicants; Applications*—(a) *General.* (1) Applications for direct and insured Farm Ownership loans will be accepted at any time in the County Office. All applicants will be advised that the making of such loans depends upon:

(i) The availability of funds.

(ii) The certification by the County Committee of each applicant and the farm he desires to purchase, enlarge, or improve.

(iii) The approval by appropriate officials of the Farmers Home Administration.

(2) The County Supervisor will be responsible for informing the public relative to the services available under the Farm Ownership program in his territory. The need for acquainting the public with respect to the Farm Ownership program and the methods used will depend largely upon the local situation.

(b) *Applications for services.* (1) Form FHA–197, "Application for FHA Services." Each applicant for a Farm Ownership loan will be furnished Form FHA–197, "Application for FHA Services," and will be instructed to fill out the front side of the Form as completely as possible. County employees should render assistance to the applicant in completing the front side of the Form. The employee who receives Form FHA–197 should make sure that it is signed properly and dated by the applicant. The employee should also obtain as much information as possible for the completion of the "Tenure History of Head of Family" on the reverse of the Form. The County Supervisor will make sure that the tenure data on the reverse of Form FHA–197 are complete. In the space for comments, he will indicate any facts that may disqualify the applicant on the basis of the criteria contained in § 365.1 of this chapter and will make appropriate comments with respect to the health and farm and home management qualifications of the applicant and his family. The County Supervisor also will date and sign the Form before it is considered by the County Committee.

(2) *Life of applications.* Applications for Farm Ownership loans received during any fiscal year will remain active during that fiscal year and the subsequent fiscal year, unless voluntarily withdrawn by the applicant, preferably in writing, prior to the expiration date.

(3) *Notification to applicants.* The County Supervisor will notify applicants regarding their applications for Farm Ownership loans as follows:

(i) At the end of every week each individual who filed Form FHA–197 during that week will be sent a completed form letter advising him of the period during which his application will be considered.

(ii) As soon as practicable after each meeting of the County Committee at which action is taken on new applications for Farm Ownership loans, each tentatively approved applicant will be notified by letter when to appear before the County Committee.

(iii) At the end of each fiscal year, the County Committee in consultation with the County Supervisor will choose from the expiring applications, those applicants who appear to be eligible and who may wish to renew their applications. The County Supervior will send a completed form letter to each such applicant, informing him that it will be necessary to file a new Form FHA–197 if he wishes further consideration for a Farm Ownership loan.

(c) *Tentative approval by county committee.* The County Supervisor will refer promptly all Farm Ownership applications to the County Committee for consideration. When reviewing Form FHA–197, the County Committee will consider carefully the borrower's financial status, the tenure history of the applicant, and the County Supervisor's comments regarding the qualifications of the family. Whenever practicable, one or more members of the County Committee and the County Supervisor should visit the applicant at his place of residence before any action is taken by the County Committee. Such a visit often will reveal significant facts concerning the family which may come to light in no other way. On the basis of this information and any other available facts, the County Committee tentatively will approve an applicant, decide that he should receive later consideration, or determine that presently he is not qualified for a loan. The process of sifting applicants on the basis of relative qualifications will be continuous.

(d) *Evaluating health of the applicant and his family.* Except for disabled veterans (see § 365.1 of this chapter), it will be the responsibility of the County Supervisor and the County Committee to consider the physical ability of the applicant and his family to engage in successful farm and home management operations. The County Supervisor will inquire regarding any physical disabilities and any health problems. When any definite health problems are in evidence, the County Supervisor, with the consent of the applicant, may consult the family's physician. It is only the incurable physical disabilities likely to interfere with successful farm and home management operations and with the repayment of the loan which render an applicant ineligible. In addition, no member of the applicant's family should have a disability or an affliction likely to prevent the repayment of the loan. For the benefit of the County Committee, the County Supervisor should include on the reverse of Form FHA–197 a brief report of his observations and findings with respect to health.

§ 365.3 *Evaluating qualifications of applicants; certification*—(a) *Certification of applicant by county committee.* The County Committee is responsible for determining the eligibility of each applicant to receive the benefits of Title I of the Bankhead-Jones Farm Tenant Act, as amended; that by reason of his character, ability, industry, and experience, the applicant will successfully carry out undertakings required of him under a direct or insured Farm Ownership loan; and that credit sufficient in amount to finance the actual needs of the applicant, specified in the application, is not available to him at the rates (but not exceeding the rate of 5 per centum per annum) and terms prevailing in the community in or near which the applicant resides for loans of similar size and character from commercial banks, cooperative lending agencies, or from any other responsible source. The County Committee must certify to the above determinations on Form FHA–491 which will be prepared, signed and distributed in accordance with § 366.3 of this chapter.

(b) *Legal requirement for certification.* No Farm Ownership loan shall be made or insured for any purpose unless certification by the County Committee has been made with respect to the applicant applying for the loan, as required in paragraph (a) of this section, and with respect to the farm which is to be taken as security for a direct or insured loan, as required in § 366.3 of this chapter.

PART 366—FARMS

Part 366, "Farms" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Cum. Supp., Chapter III, Subchapter G), is amended by adding §§ 366.11, 366.21, 366.41, and 366.42 as follows:

§ 366.11 *Earning-capacity appraisal of farms*—(a) *General.* (1) A technical appraisal will be prepared for each farm purchased, enlarged, or improved with Farm Ownership loan funds, as required by the Bankhead-Jones Farm Tenant Act, as amended. Such appraisals will be made available to County Committees for their guidance in determining the fair and reasonable value of each farm based on its normal earning capacity and to Farm Ownership loan approving officials.

(2) In making these earning capacity appraisals, employees authorized to appraise farms will prepare Form FHA–596, "Earning Capacity Report," and Form FHA–596B, "Map of Farm." When a farm under consideration for a Farm Ownership loan is located in a drainage, irrigation, or levee district or when minerals, timber or other rights are leased, reserved, or exempted, Form FHA–596A, "Supplemental Report (Irrigation, Drainage, Levee, and Minerals)," also will be prepared.

(3) A distinction should be made between "normal earning capacity" and "normal earning capacity value." The term "normal earning capacity" means the long-time average annual production

and income that reasonably may be expected from the farm. The term "normal earning capacity value" is an expression of the value of the farm based on its normal earning capacity.

(b) *Values to be recommended by Farmers Home Administration employees authorized to appraised farms.* The following terms appearing on Form FHA-596 should be understood by Farmers Home Administration employees and County Committeemen concerned with making Farm Ownership loans:

(1) *Normal earning capacity value.* This value for economic family-type farms, is established by determining the maximum amount that safely can be invested in the farm consistent with the net income that the completed farm unit reasonably may be expected to produce on the basis of the following assumptions:

(i) That the farm will be operated by an average family of average farming ability.

(ii) That cropping and livestock systems used in the earning capacity appraisal are typical for the farm under consideration.

(iii) That average production and approved long-time average prices and comparable farm operating and family costs will be used in estimating income and expense.

(iv) That the normal family living and farm operating expenses and the cost of necessary repairs and replacements, as well as principal and interest payments, will be met out of farm income.

(v) That income credited to the farm will include only income from the sale of farm commodities and from Government agricultural payments.

(vi) That the improvements on, or to be made on, the farm will meet minimum Farmers Home Administration standards of health, safety, comfort, and convenience and that estimates of building depreciation, maintenance costs, and tax and insurance payments are based on these standards.

(vii) That the farm will be purchased, enlarged, or improved with the proceeds of a three and one-half percent loan to be amortized over a period not to exceed forty years.

(2) *Value less planned improvements.* This value is determined by subtracting from the normal earning capacity value the estimated amount that it will be necessary to spend on the farm for improvements. For example, if a farm has a normal earning capacity value of $6,000, and $2,000 represents the cost of improvements needed to meet Farmers Home Administration standards, it follows that $4,000 is the maximum amount that the applicant should pay to the seller for the unimproved farm.

(3) *Maximum purchase price.* The maximum purchase price as determined by the employee authorized to appraise farms, will not exceed the value less planned improvements, or market value, whichever is less.

(4) *Maximum refinancing price.* This amount should be determined for Farm Development units and for tracts owned in the case of Farm Enlargement loans. It represents the maximum portion of the loan that may be used for refinancing existing indebtedness on the owned tract under consideration. This determination should be based on the farm or tract in its existing condition prior to development or enlargement. Added value resulting from the development or enlargement of the farm should not be used to justify a maximum refinancing price in excess of the value less planned improvements or the market value, whichever is less.

§ 366.21 *Land development; minimum standards*—(a) *General.* (1) Land development will be an integral part of farm development and will include such items as fencing, clearing, leveling, terracing, draining and irrigating systems, development of permanent pasture, woodlots, and orchards, and applications of basic soil amendments and fertilizers in connection with permanent conservation practices.

(2) The need for basic land development will be considered carefully by Farmers Home Administration officials and County Committeemen in connection with the making of each Farm Ownership loan. Needed funds will be provided in Farm Ownership loans involving capital expenditures for the cost of planned land development necessary to put the farm on a sound operable basis at the time of occupancy or as quickly as practicable thereafter. Recurring costs of soil conservation and soil improvement practices should be financed by the borrower with annual income or with the proceeds of other loans.

(b) *Minimum standards for land development.* (1) Minimum standards for land development are not subject to rigid definition. Therefore, good judgment is required in interpreting and applying such standards to local conditions and individual circumstances. With these qualifications, necessary plans will be provided in connection with each Farm Ownership loan to meet the following minimum standards for land development:

(i) *Prevention of erosion.* All practicable means to prevent erosion will be taken in all cases where there is danger of wearing away of soil or loss of fertility from wind or water erosion. Land subject to damage by water erosion will be terraced or contoured, provided with grass waterways and diversion ditches, or otherwise improved as needed in accordance with approved conservation practices. Rolling cropland which does not lend itself to terracing or contouring and on which erosion is occurring should be returned to meadow, pasture, or forest. Soil-binding crops, including trees, will be planted where most effective in controlling erosion.

(ii) *Basic soil treatment.* In cases where the need for basic soil treatment is established definitely, such treatments as the application of lime, phosphate, and potash will be made under conditions where profitable response has been demonstrated in practice. Provision also may be made for proper conservation of farm manures.

(iii) *Permanent pastures.* Permanent pastures will be established where needed as a part of the farming system. They will be improved by seeding, fertilizing, fencing for rotation or deferred grazing, removing brush, weeds, and so forth, when essential to the effective operation of the farm.

(iv) *Permanent forage or hay crops.* Permanent forage or hay crops adapted to the area must be established on farms where such crops are essential to soil building and conservation.

(v) *Drainage.* In cases where drainage is necessary for economic and effective use of land, such drainage will be provided. Either drain tile or open ditches may be used, whichever is the more practicable and satisfactory method. In developing such plans, consideration must be given to local and state drainage regulations.

(vi) *Water facilities.* In cases where there is need for the installation or repair of such water facilities as wells, ponds, windmills, farm distribution systems, and small irrigation systems, plans will be made for such purposes. It is important that consideration be given to making plans for placing existing installations in good working condition as a prerequisite to loan approval. Leveling and grading, when essential, also may be included. Livestock watering facilities will be provided to the extent necessary to insure successful operation of livestock enterprises.

(vii) *Farm layout and fences.* Fields will be arranged to facilitate the most economical and convenient operation of the farm and most practicable use of the land. In the construction of fences, consideration will be given to the protection of the garden, desirable arrangement of the farmstead, the contour of the land, and pasture development. Permanent interior fences should not be constructed until careful analysis of farm organization has determined the best location of fields with relation to each other and to nonportable buildings.

(viii) *Weed eradication.* Measures to prevent and eradicate harmful infestations of weeds will be taken where economically feasible and practicable.

(ix) *Home orchards.* Where practicable, home orchards of locally adapted fruits should be encouraged. These orchards, in general, should be limited to the number and variety of trees required to meet demands for home consumption. Borrowers should be willing and able to provide the necessary care to insure reasonable success.

(x) *Land clearing.* In cases where clearing of land is necessary to round out the unit, it will be completed as quickly as possible to avoid undue delay in obtaining maximum production. Land clearing may include such operations as removal of trees, stumps, brush, stones, old orchard trees, and the like.

(xi) *Reforestation.* The planting of trees for timber, poles, fence posts, and similar purposes, including field and farmstead windbreaks and the improvement of timber stands, will be encouraged where such development materially strengthens the farm economy and offers an important source of future income.

(xii) *Landscaping.* Landscaping of grounds, including the planting of shade trees, lawn grass, and shrubbery, to make the surroundings of the dwelling attractive and homelike in appearance,

will be encouraged with emphasis on the use of native materials and participation by the borrower and his family in such development.

(2) *State additions.* The State Director is authorized, where necessary in order to meet local conditions, to make additions to the minimum standards for land development set forth in subparagraph (1) of this paragraph.

(c) *Cooperation with other agencies.* Representatives of the Soil Conservation Service, the County Agricultural Conservation Committees, County Agents, State Colleges of Agriculture, Forest Service, and other qualified State and Federal agencies may be called upon for general advice and information relative to farm organization, farm development, and conservation of farm resources. In planning the farm development, the assistance offered by such agencies should be taken advantage of wherever possible, in order to keep the borrower's total indebtedness to a minimum, and should be utilized to establish and maintain approved farming conservation practices on the farm.

(d) *Funds for land development.* The initial Farm Ownership loan should include funds the borrower needs to meet the costs of planned land development intended for permanent 'mprovement of the productivity of the farming unit or prevention of erosion or soil depletion. The costs of planned land development or soil improvement which must be repeated annually, or from time to time during the life of the loan, or which is a part of a crop rotation system, should be financed by operating funds. When it is necessary to purchase lime and fertilizer needed for extensive basic soil treatment, the cost may be financed from Farm Ownership loan funds. On the other hand, the cost of lime and fertilizer needed at periodic intervals to maintain the soil productivity should be financed by operating funds. The cost of annual maintenance of terraces, for example, is a cost attributable to annual operations, whereas the cost of running the contour lines and the initial building of terraces are permanent improvement items. Soil conservation or improvement practices, which relate primarily to short-term improvement of the soil, such as the planting of annual and rotated leg 'mes and crops for green manure, are considered annual operating costs. Farm Ownership funds may be used, however, to finance the cost of long-time land development or soil improvement, such as the basic application of lime and fertilizer and seed needed to establish permanent pastures and hay crops. Land clearing, stump removing, tiling, drainage ditches, permanent canals or laterals, and the like, are considered permanent improvements, for which Farm Ownership loan funds may be advanced.

§ 366.41 *Farm ownership taxes; county office routine*—(a) *General.* (1) Each Farm Ownership borrower will be responsible for paying taxes on his farm to the proper taxing authorities. This obligation of the borrower is included in the mortgage or deed of trust securing his loan.

(2) The County Supervisor will encourage Farm Ownership borrowers to pay taxes promptly in order to obtain any discount and to avoid any penalties. This can be accomplished in routine servicing of Farm Ownership loans by emphasizing the advantages of setting aside sufficient income to meet tax obligations when they become due and by reminding borrowers of such obligations before they become delinquent.

(3) The County Supervisor will be responsible for ascertaining that all Farm Ownership properties are listed properly on the tax rolls.

(4) Any changes or modifications of local tax requirements will be reported promptly to the State Office.

(b) *Definition of tax.* A tax, as used in this chapter pertaining to Farm Ownership loans, means all taxes, assessments, levies, or other similar obligations which will become a lien upon the real estate and which are included on one statement issued by a tax-levying body.

(c) *Reporting delinquent taxes.* Not later than one week after the delinquent date of each tax or any installment thereof on which penalty accrues, the County Supervisor will prepare a report for submission to the State Office. This report will consist of a statement to the effect that there are no tax delinquencies in the county involved, or it will consist of a list in duplicate of all Farm Ownership borrowers who have not paid the tax in full, together with a statement to the effect that all borrowers not listed have paid the tax in full.

(d) *Servicing delinquent taxes.* Immediate servicing will be given to all Farm Ownership borrowers who have been reported to the State Office as delinquent, and every effort should be made to have the borrower pay the deliquent tax from his own funds.

(1) The payment of a delinquent tax as a result of such servicing will be reported to the State Office as soon as positive evidence of payment has been secured.

(2) If any Farm Ownership borrower is unable to pay the delinquent tax from his own funds, the County Supervisor will make a detailed report of the facts in the case to the State Office. This report will (i) identify the borrower by name and case number, (ii) state the amount of the tax, (iii) state the amount of any accrued penalty to a specific future date, and (iv) list the name and address of the taxing body to which payment is due. The report will include also a statement regarding the efforts made by the County Supervisor to have the borrower pay the delinquent tax from his own funds.

(3) Upon administrative determination in the State Office, payment of the delinquent tax will be made by use of Standard Form 1034, "Public Voucher for Purchases and Services Other Than Personal."

§ 366.42 *Farm ownership taxes; State office routine*—(a) *General.* The State Office is responsible for maintaining proper administrative control to prevent the nonpayment of real estate taxes on Farm Ownership properties.

(b) *Servicing delinquent taxes.* An employee will be designated in the State Office to handle actions on delinquent Farm Ownership taxes.

(1) Thirty days after the delinquent date of a tax, the County Supervisor will be requested, unless he has already submitted the report, to send the detailed report required by § 366.41 of this chapter, on each borrower who has not yet paid the delinquent tax.

(2) When such report is received and after it has been administratively determined by the State Director that payment of the delinquent tax cannot be made by the borrower from his own funds, Standard Form 1034, "Public Voucher for Purchases and Services Other Than Personal," will be prepared by the State employee in an original and three copies in favor of the appropriate taxing authority. Standard Form 1034 should be processed within 60 days of the delinquent date of the tax unless the property is subject to sale for taxes before that time, as determined by the representative of the Office of the Solicitor. A statement will be inserted on Standard Form 1034 properly identifying the borrower, describing clearly the purpose for which the funds will be used, and showing the appropriate rate of interest. The amount of the tax payment also will be shown. The amount will bear interest at the rate of three percent (3%) per annum in those cases where any of the existing mortgages or deeds of trust securing the Farm Ownership indebtedness provides for payment of interest at the rate of three percent (3%) per annum. In all other cases, the amount will bear interest at the rate of three and one-half percent (3½%) per annum.

PART 367—LOAN PROCESSING

Part 367, "Loan Processing" in Chapter III of Title 6, Code of Federal Regulations (12 F. R. 3593), is amended by adding § 367.3 as follows:

§ 367.3 *Subsequent farm ownership loans to farm ownership borrowers*—(a) *General.* Authority to make subsequent loans should not detract from the effort to make initial Farm Ownership loans in such a manner that subsequent loans will be unnecessary. Subsequent loans will not be made to expand borrowers' operations beyond the scope of efficient family-type farm-management units as defined in § 366.1 of this chapter.

(1) A subsequent loan is any additional Farm Ownership loan made to a Farm Ownership borrower by the Farmers Home Administration. For the purposes of this section, the term "borrower" includes, in addition to recipients of Title I loans, persons who purchased their Farm Ownership farms from the Government on credit and transferees of Farm Ownership farms. In connection with a transfer case, the term, "initial loan," as used herein, refers to Farm Ownership indebtedness which was incurred by the transferor of the farm.

(2) This section does not include procedure for making:

(i) Subsequent loans under the Farm Ownership insured mortgage program.

(ii) Deferred advances to complete construction and development.

(b) *Purposes.* Subsequent loans may be made to Farm Ownership borrowers under the provisions of this section to accomplish any one or any combination of the following purposes:

(1) Alter existing buildings, construct new buildings, or otherwise improve or develop land when necessary to meet Farm Ownership minimum standards.

(2) Purchase additional land necessary to make the farm an efficient family-type farm-management unit.

(3) Pay equity of transferor, in whole or in part, in connection with the transfer of a Farm Ownership farm.

(4) Refinance Farm Ownership indebtedness in connection with a loan for enlargement or improvement of an undersized or underimproved farm.

(c) *Circumstances under which subsequent loans may be made.* Conditions may arise which necessitate adjustments in farming operations and require subsequent loans for the alteration of existing buildings, erection of new buildings, other improvement or land development, and possibly the purchase of additional land. Subsequent loans will be made only in cases of:

(1) *Previous administrative errors.* These are errors made in planning and estimating in connection with the initial Farm Ownership loan which must be corrected in order to meet Farm Ownership minimum standards.

(2) *Impairment of the Government's security.* These are conditions which may develop, after the making of an initial Farm Ownership loan, that will reduce the productive capacity of the farm to such an extent that it will prevent the borrower's repaying the loan. A subsequent loan under these circumstances is not authorized unless the loan clearly is necessary to prevent an incurable default in repayment of the initial loan.

(3) *Need for improvements to adjust farming operations to changing conditions.* These are conditions which affect the type of farming or the methods of production. Examples of such changing conditions might be:

(i) *Change in prevailing area conditions.* Changes in prevailing conditions within an area may require adjustments in farming operations. Sanitation standards with respect to the production of whole milk may change, forcing a borrower to cease shipping whole milk unless required improvements are made. In other instances, changes in available markets also may make it necessary for a borrower to convert to another type of farming.

(ii) *Change in individual farm.* Significant changes in the condition of the farm, caused by catastrophes, such as floods, and so forth, may require adjustments in farming operations.

(4) *Need for additional funds in connection with transfers.* When a Farm Ownership farm is transferred, the transferee may require funds to purchase the equity of the transferor or for other authorized purposes.

(d) *Methods of making subsequent farm ownership loans.* Three different methods of making subsequent loans will be followed. These methods and the types of Farm Ownership borrowers to which each method is applicable are: (As used in this paragraph, the term "Pursuant to Title I" refers to sales of units on terms in accordance with Title I of the Bankhead-Jones Farm Tenant Act, as amended.)

(1) *Method I; refinancing outstanding debt.* The subsequent loan will be in an amount sufficient to refinance the borrower's outstanding Farm Ownership debt and to provide the additional funds required for enlargement or improvement. The entire loan will bear interest at the rate of 3½ percent. Method I will be used in making subsequent loans to borrowers whose initial Farm Ownership loans were approved prior to November 1, 1946, and who are identified in one or more of the following classifications:

(i) Farm Development (FD), including former Farm Home Improvement (FHI) and Special Real Easte (SRE), borrowers whose initial loans were made from Loans, Grants and Rural Rehabilitation (LG and RR) funds or State Rural Rehabilitation Corporation funds or both.

(ii) Project Liquidation (PL) borrowers whose units were sold not Pursuant to Title I.

(iii) Project Liquidation (PL) borrowers whose units were purchased or developed, in whole or part, with State Rural Rehabilitation Corporation funds and which were later sold Pursuant to Title I.

(iv) Project Liquidation (PL) borrowers whose units were sold by a Defense Relocation Corporation (DRC), a Land Leasing or a Land Purchasing Association, or similar corporations.

(2) *Method II; not refinancing outstanding debt.* The outstanding debt, as of the date the subsequent loan is approved, will be reamortized at 3 percent. Except as authorized in transfer cases, the outstanding debt will be reamortized within the remaining repayment period of the note evidencing the initial loan. Except in transfer cases, the borrower will be required to submit Form FHA–176, "Request for Reamortization of Farm Ownership Loan." The amount of the subsequent loan will be amortized at 3½ percent. If as much as a scheduled payment has been made for the current year, the first payment on the reamortized loan will be due not later than a year from the December 31 which follows reamortization. If less than a scheduled payment has been made for the current year, the first payment on the reamortized loan will be due on December 31 following reamortization. The amount due will be at least the difference between the reamortized annual installment and any amount already paid on the current year's installment. Method II will be used in making subsequent loans to:

(i) Tenant Purchase (TP) and Farm Enlargement (FE) borrowers whose initial loans were approved prior to November 1, 1946, and were made from Title I funds.

(ii) Project Liquidation (PL) borrowers whose units were sold pursuant to Title I, regardless of the date of loan approval, provided the interest rate is 3 percent and State Rural Rehabilitation Corporation funds are not involved.

(3) *Method III; not refinancing outstanding debt (consolidation of initial and subsequent loans).* The initial Farm Ownership loan and the subsequent loan will be consolidated and amortized together. Method III will be used in making subsequent loans to borrowers whose initial Farm Ownership loans were approved after October 31, 1946, except those Project Liquidation (PL) borrowers converting from lease and purchase contracts at 3 percent (pursuant to Title I) after that date.

(e) *Variable-payment agreements.* Subsequent loan applicants will have the option of determining the payment plan to be followed. All applicants will be urged to adopt the new variable-payment plan with respect to both the inital and subsequent loans. In any event, both loans must be under the same method of repayment.

(1) Borrowers under Method I will have the same method of repayment for the entire indebtedness since a new promissory note will be taken to cover both the old indebtedness and the subsequent loan.

(2) All borrowers under Method II who elect the variable-payment plan will be required to execute a new variable-payment agreement, Form FHA–165, "Variable-Payment Agreement", covering the outstanding indebtedness. The variable-payment agreement covering the subsequent loan will be contained in the promissory note evidencing the subsequent loan. If a borrower under Method II, whose initial loan was under the variable-payment plan, elects the fixed-payment plan for the subsequent loan, the existing variable-payment agreement must be canceled .

(3) A fixed-payment borrower under Method III may change to a variable-payment plan at the time of the subsequent loan, if he so desires, by executing Form FHA–165 covering the initial loan.

(f) *Limitations.* (1) Ordinarily, a subsequent loan will not be approved if the amount of funds required is $500 or less, except for equity payments in transfer cases. The required improvements costing $500 or less should be financed out of farm income.

(2) A subsequent loan will not be made with respect to any farm if the outstanding balance of prior loans, plus the amount of the subsequent loan (excluding the amount to be used for refinancing under Method I), exceeds the recertified value of the farm, nor with respect to any farm which has a recertified value in excess of the average value established for the county.

(3) The approval of the National Office is required for making subsequent loans in the following circumstances. In these instances the District Supervisor will submit his recommendations to the State Director who, in turn, will submit to the National Office a letter of justifi-

cation fully describing the circumstances of the loan.

(i) When the loan is made under Methods II and III, above, and the sum of the following exceeds the county loan limit: (*a*) The amount of the borrower's initial total investment in the farm (see § 364.2 of this chapter), and (*b*) the amount of any subsequent loans, including the amount currently requested.

(ii) When the loan is made under Method I, above, and the sum of the following exceeds the county loan limit: (*a*) The amount of the borrower's initial total investment in the farm (see § 364.2 of this chapter) and (*b*) the amount of any subsequent loans previously made, and (*c*) the amount of the currently requested subsequent loan which is not to be used for refinancing.

(g) *Certification by county committee.* The County Committee will certify on Form FHA–491, "County Committee Certification," as to the fair and reasonable value of the farm, based upon its normal earning capacity, after contemplated improvements are made. The Committee will take into consideration any information on farm production that has become available as a result of operating history, as well as the normal earning capacity of the farm indicated on the latest Form FHA–596, "Earning Capacity Report." They also will consider Form FHA–14, "Our Farm and Home Plan for 19—"; Form FHA–14C, "Long-Time Farm and Home Plan"; and Form FHA–643, "Farm Development Plan," when included. However, the Committee should discount any farm productivity due to the special capabilities of the borrower. A justifiable basis must exist for any changes in former certifications.

(h) *Amortization.* As a rule, subsequent loans will be amortized within the remaining period of the initial Farm Ownership loan. Only in exceptional cases under Method I and transfer cases, where it is necessary to extend the repayment period of the initial Farm Ownership loan, may such loans be amortized beyond the remaining period of the initial loan. In such cases, the subsequent loan will be amortized within the remaining period of the initial loan as extended, but not to exceed 40 years from the date of the subsequent loan.

(i) *Approval of subsequent loans.* Except for a subsequent loan to the transferee in connection with a transfer case which the State Director is authorized to approve, the District Supervisor is authorized to approve subsequent loans and to execute the same documents he executes in connection with initial Farm Ownership loans. He will process the docket and notify the County Supervisor in the same manner as provided in § 367.1 of this chapter.

(j) *Title clearance.* Additional title clearance will be required if the subsequent loan includes funds for the purchase of additional land or if the mortgage or deed of trust securing the initial loan is to be released. In all other cases, a supplementary title examination will be necessary to establish that no liens have attached to the property subsequent to the recording of the mortgage(s) or deed(s) of trust securing the initial and any previous subsequent loans.

(k) *Closing the loan.* The subsequent loan will be closed in accordance with § 367.1 of this chapter except that the words "Subsequent Loan" will be typed or stamped above the heading of the Form FHA–497, "Notification of First Payment Date," which is submitted for the subsequent loan.

Subchapter H—Production and Subsistence

PART 376—COLLECTIONS

Part 376, "Collections" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Cum. Supp., Chapter III, Subchapter H), including § 376.41 (ibid.), is revoked.

Subchapter I—Account Servicing

Subchapter I, "Cooperatives" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Cum. Supp., Ch. III) is redesignated "Account Servicing" and amended in the following respects:

PART 382—REMITTANCES

Part 382 is added as follows:

§ 382.1 *Collections; receiving and processing*—(a) General. (1) All collection items, such as checks, drafts, money orders, and postal notes will be made payable to, or endorsed in favor of, the Treasurer of the United States, regardless of the accounts to which such collection items will be applied. All collection items in any form other than currency are accepted subject to collection, that is, subject to the items being paid.

(2) Collection items containing restrictive notations that will not permit such items to be processed and applied to accounts in accordance with the instructions contained herein will be returned to the remitters by the Farmers Home Administration officials receiving such items with the request that such notations be withdrawn. However, items containing restrictive notations not affecting the handling thereof, such as "payment in full," when the amount thereof does in fact pay the account in full, as provided herein, will be accepted and processed. Farmers Home Administration employees should discourage the use of restrictive notations on collection items.

(b) *Authority.* County Supervisors and other Farmers Home Administration employees who are bonded properly are authorized to receive, receipt for, and transmit repayments on accounts.

(c) *Endorsement of collection items.* (1) Collection items made payable to the order of the borrower or to a person other than the Treasurer of the United States should be endorsed by the last holder (usually the borrower) as follows:

To be deposited to the credit of
The Treasurer of the United States

(Signature of Last Holder)

(2) If the last holder is unable to sign his or her name, the collection item will be prepared for endorsement by mark and for the signature of a witness as illustrated below. Farmers Home Administration employees may act as witnesses to signature by mark when other witnesses are not available.

To be deposited to the credit of
The Treasurer of the United States
His
John X Doe
Mark

(Name of Last Holder)

Richard Roe Witness

NOTE: On checks issued by the Treasurer of the United States, the signatures and addresses of two witnesses are required.

(3) County Supervisors and other employees who are bonded properly are authorized to endorse collection items only as follows:

(i) Collection items made payable in the first instance to, or endorsed to the credit of, the United States of America, the United States Department of Agriculture, Farmers Home Administration, ------ Rural Rehabilitation Corporation, Farm Security Administration, Emergency Crop and Feed Loan Office, or the Governor of the Farm Credit Administration (including joint checks, the entire proceeds of which are to be remitted), will be endorsed as follows, using the appropriate designation, depending upon the payee:

To be deposited to the credit of
The Treasurer of the United States
United States of America (or)
United States Department of Agriculture (or)
Farmers Home Administration (or)
------ Rural Rehabilitation Corporation (or)
Farm Security Administration (or)
Emergency Crop and Feed Loan Office (or)
Governor, Farm Credit Administration

By ----------
Title ----------

(ii) Where collection items are received which are made payable to the order of the borrower or persons other than the Treasurer of the United States and such items are not endorsed in the manner provided in subparagraph (1) of this paragraph, the following endorsement will be made immediately below the endorsement of the last holder:

To be deposited to the credit of
The Treasurer of the United States
Farmers Home Administration

By ----------
Title ----------

(4) County Supervisors may endorse, in the manner prescribed in subparagraph (7) of this paragraph, checks representing proceeds from the sale of mortgaged property made payable jointly to other persons and the Farmers Home Administration, the Farm Security Administration, the Emergency Crop and Feed Loan Office, the Governor of the Farm Credit Administration, the United States of America, or the United States Department of Agriculture, only to enable:

(i) The Government to obtain the amounts of such checks determined to be due the Government.

(ii) The borrower to obtain the amounts of such checks that are to be used for the purposes approved by County Supervisors, in accordance with

the provisions of existing instructions on releasing security property.

(iii) Third party payees, if any, whose names appear on such checks, to obtain the amounts determined to be due such payees. In the event the name of a third party payee appears on a joint check, the County Supervisor, before endorsing the check, also will determine (*a*) the amounts, if any, due such payee, and (*b*) that the endorsement by the County Supervisor will not permit such payee to participate in the proceeds of the check beyond the extent to which he is entitled. Ordinarily, the endorsement of the County Supervisor should appear below the endorsement of the third party payee, and the endorsement of the borrower should appear last on the check.

(5) When County Supervisors are requested to endorse joint checks not representing proceeds from the sale of mortgaged property, and when the entire item is not to be remitted, such checks will be forwarded to the State Office along with a complete statement of facts, including the borrower's case file, the purpose for which such checks are drawn, and the amount claimed by parties having an interest therein. State Directors will determine the interest of the Government, if any, in such joint checks, and are authorized to place the appropriate endorsement thereon, as prescribed in subparagraph (6) of this paragraph.

(6) Joint checks may be endorsed, under the authority in subparagraphs (4) and (5) of this paragraph, only by the use of one of the following forms of endorsement:

(i) Where a part of the proceeds of the check is to be remitted to the Government as a payment, the following endorsement form (with appropriate designation, depending upon the payee) will be used:

Endorsed without recourse only to permit: Issuance of a cashier's check to the order of the Treasurer of the United States in the amount of $ _____:
United States of America (or)
United States Department of Agriculture (or)
Farmers Home Administration (or)
_____ Rural Rehabilitation Corporation (or)
Farm Security Administration (or)
Emergency Crop and Feed Loan Office (or)
Governor, Farm Credit Administration
By _____
Title _____

(*a*) If objections are encountered to the wording of this endorsement, the County Supervisor exercising this authority may insert between the words "recourse" and "only" the following: "as to any amounts not paid to the Treasurer of the United States."

(ii) Where no part of the proceeds of a joint check is to be remitted to the Government, the following endorsement form (with appropriate designation, depending upon the payee) will be used:

Endorsed without recourse:
United States of America (or)
United States Department of Agriculture (or)
Farmers Home Administration (or)
_____ Rural Rehabilitation Corporation (or)
Farm Security Administration (or)
Emergency Crop and Feed Loan Office (or)
Governor, Farm Credit Administration
By _____
Title _____

(iii) Checks payable jointly, as described in subparagraph (4) of this paragraph, which are received from or on behalf of common borrowers of the Federal Land Bank and the Farmers Home Administration, as defined in the existing Memorandum of Understanding, may be endorsed in the manner prescribed below, providing the borrower has consented to the contemplated division of the proceeds through the execution of Form FHA–461, "Summary Sheet for Common Borrowers." (See subparagraphs (5) and (6) (i) of this paragraph.)

(a) Endorsed without recourse only to permit:
(1) Issuance of a cashier's check to the order of the Treasurer of the United States in the amount of $_____:
(2) Issuance of a cashier's check to the order of the Federal Land Bank of _____ in the amount of $_____:
United States of America (or)
United States Department of Agriculture (or)
Farmers Home Administration (or)
_____ Rural Rehabilitation Corporation (or)
Farm Security Administration (or)
Emergency Crop and Feed Loan Office (or)
Governor, Farm Credit Administration
By _____
Title _____

(b) In all cases, the borrower will endorse the joint check below the foregoing endorsement, whether or not he has endorsed it previously.

(7) In instances prescribed in subparagraph (4) of this paragraph, the County Supervisor, where necessary, may issue a written redelegation to any properly bonded employee in his office authorizing him to endorse joint checks in which the Government has an interest; *Provided:*

(i) Only the borrower and the Government, or the borrower, his landlord and the Government, appear as parties to the check.

(ii) The employee so authorized has been informed by the County Supervisor of the respective interests of the Government and the borrower and, where applicable, the borrower's landlord, in the proceeds of the check.

(8) Area Finance Managers hereby are authorized to endorse, in the manner specified above, collection items that lack endorsement by the Farmers Home Administration. This authority may be redelegated to any bonded Area Finance Office employee.

(d) *Refunding collection items.* Where a check is made payable solely to the Farmers Home Administration, Farm Security Administration, a State Rural Rehabilitation Corporation, Emergency Crop and Feed Loan Office, Governor of the Farm Credit Administration, or the United States of America, or a check is made payable to the Treasurer or the Treasury either solely or jointly with others (and the amount of such check is greater than that to which Farmers Home Administration is entitled and it it not possible to obtain separate checks), the check will be endorsed and transmitted to the Area Finance Office with Form FHA–144, "Summary of Remittances." Form FHA–37, "Receipt for Payment," will be made for the full amount of the check and will contain in the application block a notation of the request for refund and the amount thereof. Such receipts may be signed only by the county supervisor. Where such refunds are payable to individuals other than borrowers, the County Supervisor will obtain a written request for payment from such persons. The request must contain a description of the check from which the refund is requested, including the date, the amount, the payee or payees, the drawer and the name of the bank on which it is drawn. The request must set forth specifically the amount requested as well as a factual statement supporting the basis for payment. The request must be signed by the individual requesting the refund and must bear approval of the County Supervisor, indicating that he has determined that the refund should be made as requested. The original signed request and one copy will be attached to Form FHA–144, covering the collection when it is forwarded to the Area Finance Office. One copy of the request will be filed with the County Office copy of Form FHA–144. The Area Finance Office will prepare and process a refund voucher based upon the request and the information contained on Form FHA–144 and the receipt. Such refund checks to borrowers, or to payees other than borrowers, will be mailed to the respective payee, in care of the County Supervisor.

(e) *Application of repayments*—(1) *Application of repayments on operating loan accounts.* The source from which repayments are derived will determine generally the accounts to which applications will be made. Repayments on such accounts will be applied first to unpaid interest shown on the current Form FHA–647, "Trial Balance of Loan Accounts," and then to principal. Farmers Home Administration officials receiving repayments will make application to specific accounts and, except for Emergency Crop and Feed Loan accounts, will make the applications between interest and principal. All loan refunds will be applied to principal only. In cases where large amounts of unpaid interest have accumulated and borrowers state in writing that they will make payments if such payments are applied to principal first, County Supervisors hereby are authorized to make exceptions to the policy of applying repayments to interest first and, in such cases, apply the repayments to principal first. In such cases, County Supervisors will inform borrowers that interest is not being forgiven. The following rules will govern the selection of accounts and installments to which repayments will be applied:

(i) Repayments, regardless of source, will be applied first to any recoverable costs which have been charged to the borrower's account.

(ii) Repayments derived from the sale of mortgaged property representing normal income will be applied first to the current maturity or maturities, and the balance of the remittance, if any, will be applied:

(a) To accounts with small balances for the purpose of removing such accounts from the records.

(b) To account(s) having the oldest delinquencies.

(c) To oldest unpaid accounts.

(iii) Repayments derived from the sale of basic security will be applied to the final unpaid installment(s) on the account secured by the earliest mortgage covering such basic security.

(iv) Unused balances of loan advances will be applied to the final unpaid installment(s) on the note which evidences such advance, except that where such partial refund represents an advance for current farm and home expenses repayable within the year, it may be applied to the first unpaid installment on such note.

(v) Total refunds of loan advances will be applied to the notes which evidence such advances.

(vi) In applying repayments from sources other than those in subdivisions (ii), (iii), (iv), and (v) of this subparagraph, the borrower has the right of election as to the account(s) on which such repayments will be applied. In the absence of the borrower's election, such repayments generally will be applied to:

(a) Accounts with small balances.

(b) Accounts with the oldest delinquency.

(c) Accounts which include the oldest unsecured note(s).

(d) Accounts which include the oldest secured note(s), except where a borrower owes both Farmers Home Administration and State Rural Rehabilitation Corporation Loan accounts, such repayments will be prorated between the Farmers Home Administration and the Corporation on the basis of the total balances (including principal and interest) owed to each, and the portions thus prorated will be applied respectively to the Farmers Home Administration and Corporation loan accounts as prescribed in subdivision (vi) of this subparagraph.

(vii) Where the Government has advanced funds to complete State Rural Rehabilitation Corporation commitments (such accounts now coded as 6F_____ accounts), any repayment that normally would be applied to any of the borrower's Corporation accounts will be applied to the 6F_____ account until it is paid.

(viii) Application of repayments to notes within loan accounts will be made in accordance with the general principles set forth in subdivisions (i) thru (vii) of this subparagraph.

(2) *Classification and application of payments on Farm Ownership and other real estate accounts*—(i) *Classification.* Payments on Farm Ownership and Other Real Estate accounts will be classified as follows:

(a) *Regular payments.* All payments, other than "extra payments" and "refunds." Usually they will be derived from farm income, but they will include also payments from off-farm income, inheritances, life insurance, and so forth. Obviously most payments on Farm Ownership accounts will be "regular payments."

(b) *Extra payments.* Payments derived from the sale or lease of mortgaged property.

(c) *Refunds.* Payments are derived from unexpended Farm Ownership loan balances. Usually such payments will be made but once in the life of a Farm Ownership loan.

(ii) *Application.* Payments on Farm Ownership and other Real Estate accounts will be applied as follows:

(a) *Regular payments.* All "regular payments" will be applied first to unpaid interest shown to be due on the latest Form FHA–677, "Schedule Status of Farm Ownership Borrowers," available in the County Office. Any remainder will be applied to principal.

(1) Regular payments may be made at any time by an old or new variable-payment borrower. When regular payments made during the grace period result in a total in excess of the amounts found to be due or agreed to be paid on Form FHA–528, "Annual Income Return," the excess will be credited toward the borrower's next annual payment.

(2) Regular payments may be made at any time by a fixed-payment borrower. The manner in which such payments will be applied is illustrated as follows: Payments made during the grace period 1947 would be applied first toward any delinquencies and any unpaid amounts due for 1946. Any additional amounts paid during 1947 would be applied toward the 1947 installment until it is fully paid. If there are still further payments in 1947, they will be applied to the debt, but they will not reduce the borrower's regular 1948 payment.

(b) *Extra payments.* All "extra payments" will be applied first to the unpaid interest shown to be due on the latest Form FHA–677 available in the County Office. Any remainder will be applied to principal. Extra payments will not affect the scheduled status of a borrower nor will they affect the amount a borrower is delinquent or prepaid.

(c) *Refunds.* All "refunds" will be applied entirely to principal and will not affect the scheduled status of a borrower nor will they affect the amount a borrower is delinquent or prepaid.

(3) *Area finance office handling.* Collections will be reflected in the record of accounts maintained by the Area Finance Office, as indicated on Form FHA–37. If an obvious error has been made in the application of the collection to the loan account and the intended application is readily discernible, the Area Finance Office will make the proper entry of the collection on the records without communicating with the County Office and will notify such Office of the correction by means of Form FHA–143, "Advice of Change in Application." Where the intended application is not readily discernible, the Area Finance Office will obtain the advice of the County Office through direct correspondence before entering the collection in the official records.

(f) *Final payments on operating loan accounts*—(1) *Operating loan accounts other than emergency crop and feed loan.* Final payments on loan accounts will be indicated by inserting on the copies of Form FHA–37, in the space provided, the loan code of the account being fully paid. The Area Finance Office, in such cases, will record collections according to the interest computation on such receipts. The Area Finance Office immediately will prepare Form FHA–597, "Notice of Fully Paid Notes," covering such paid-in-full accounts, and forward it to the County Office through the Communications and Records Section in the Area Finance Office where the paid notes will be attached, when either of the conditions enumerated below has been met:

(i) When a borrower pays a loan account in full within 30 days of the date of the latest Form FHA–647, such payment must include all of the unpaid principal and all unpaid interest shown on such Form FHA–647. No additional interest subsequent to the date of the latest Form FHA–647 need be computed or paid.

(ii) When a borrower pays a loan account in full more than 30 days after the date of the latest Form FHA–647, such payment must include all of the unpaid principal and unpaid interest as shown on the latest Form FHA–647 plus interest accrued since the date of Form FHA–647 as computed by the official who made the collection.

NOTE: Claims by or on behalf of a borrower that the interest has been computed incorrectly will be referred by the County Supervisor to the Area Finance Office for review and appropriate action. Where refunds are requested Area Finance Office computations of interest will control.

(2) *Emergency crop and feed loan accounts.* When collections are received on Emergency Crop and Feed Loan accounts which are intended to pay the accounts in full, the Farmers Home Administration official receiving the collections will compute the interest due on the accounts to the date the collections are received. In such cases, the Area Finance Office will check the interest computations and will prepare Forms FHA–597 only when the accounts are fully paid.

(g) *Receipts.* Form FHA–37 is the only form of receipt to be used for collections on accounts and for loan refunds.

(h) *Refunding payments received under Field Service Branch of Production and Marketing Administration (formerly AAA) set-offs.* Borrowers against whom Field Service Branch set-offs have been requested, are entitled to a refund of any amounts paid to the Farmers Home Administration under such set-offs in excess of the unpaid indebtedness covered thereby. When a borrower's Field Service Branch check is received in the County Office, and the borrower is entitled to all or a part of the proceeds of the check because it exceeds the unpaid balance of the indebtedness covered by the set-off, refund will be made to the borrower as outlined below:

(1) *Where the Farmers Home Administration is entitled to only part of the Field Service Branch set-off check.* The County Supervisor will issue Form FHA–37 in the full amount of the Field Service Branch check received. The County Supervisor will insert in the application block of the receipt (showing principal and interest separately) the amount required to pay in full the balance of the existing indebtedness covered by the Field Service Branch set-off, followed

by the statement, "Refund Balance of $_____ Directly to Borrower." It will be the responsibility of the County Supervisor to determine the application of the proceeds of such checks and to sign Form FHA–37 therefor. Upon receipt of the collection item, the Area Finance Office will prepare and process Standard Form 1047, "Public Voucher for Refund," for the amount indicated, for refund directly to the borrower. (Refund checks will be mailed to the borrower in care of the local Agricultural Conservation Association Office.)

(2) *Where the Farmers Home Administration is entitled to no part of the Field Service Branch set-off check.* Where the Farmers Home Administration is not entitled to any part of the Field Service Branch check because the borrower has repaid in full the indebtedness covered by the Field Service Branch set-off, no receipt (Form FHA–37) will be issued for such checks, and the check will be transmitted to the Area Finance Office for refund directly to the borrower.

(3) *Unidentified Field Service Branch checks.* When a Field Service Branch check is received and the County Supervisor determines that it is not properly applicable to the account of any borrower within his jurisdiction, he will forward the check, with a letter containing all available information, to the State Office.

(4) *State Office handling of unidentified Field Service Branch checks.* When the State Office receives an unidentified Field Service Branch check from a County Office, an attempt will be made to identify the borrower or the proper account to be credited, using available records or information obtained from the Area Finance Office. If the proper account or the borrower cannot be identified, the check, together with a letter of transmittal explaining the situation, should be returned to the State Office of the Production and Marketing Administration.

PART 383—COOPERATIVE GROUP SERVICES

Part 383, including §§ 383.11, 383.21, 383.31, and 383.41, is revoked.

PART 386—SETTLEMENT

Part 386 is added as follows:

§ 386.1 *Compromise, adjustment, and cancellation of debts due the Farmers Home Administration*—(a) *Purpose and scope.* This section provides the policies and procedures for the compromise, adjustment, and cancellation of debts due the Farmers Home Administration, except debts arising from Water Facilities, Farm Ownership, Other Real Estate loans and direct loans to associations or corporations. Requests received by field officials for settlement of these latter four types of debts will be referred by State Directors to the National Office for instructions and a statement of policy for handling. The source of the authorities for the actions described herein are:

(1) Subsection (g), section 41, Title IV of the Bankhead-Jones Farm Tenant Act as amended by the Farmers' Home Administration Act of 1946 (Pub. Law 731, 79th Congress; 60 Stat. 1062).

(2) The act of Congress, approved December 20, 1944 (Pub. Law 518, 78th Congress; 58 Stat. 836) and the regulations of the Department of Agriculture dated January 20, 1945, issued pursuant thereto.

(3) Trust Agreements with the various State Rural Rehabilitation Corporations.

(b) *Definitions.* The following are definitions of certain terms used in this section:

(1) "Debts" or "claims" means unpaid principal, accrued interest, and any other charges which properly are chargeable to the account of the borrower under any programs administered by the Farmers Home Administration except the debts excluded in paragraph (a) of this section. Rural Rehabilitation loans made from State Rural Rehabilitation Corporation funds are included in the terms "debts" or "claims."

(2) "Borrower" or "debtor" means any person, or persons, obligated, either as principal or surety, to pay debts due the Farmers Home Administration.

(3) "Compromise" means the complete satisfaction of debts through a lump-sum payment of an amount less than the total debt and the acceptance by the Government of such amount in full payment of the debt.

(4) "Adjustment" means a reduction in the amount due, conditioned upon payment of the adjusted amount at some specified future time or times and with or without the payment of any consideration when the adjustment offer is approved. An adjustment is not a settlement until the provisions of the proposed adjustment have been met.

(5) "Cancellation" means the complete discharge of debts due without any payment thereon.

(6) "Settlement(s)" means compromise, adjustment, or cancellation of debts due the Farmers Home Administration. The term "settlement" is used for convenience in referring to compromise, adjustment or cancellation actions, individually or collectively.

(c) *General policies.* (1) The authorities contained in this section for the settlement of debts will neither serve as justification for nor permit any relaxation of the efforts of officials to collect debts due the Farmers Home Administration to the extent of the borrower's ability to pay. Debts and the security therefor, if any, will continue to be serviced in accordance with applicable policies and procedures. There are some cases when payment in full will not be possible; however, before any settlements are approved under this section, it must be established clearly in each case that applicable requirements are satisfied fully. The authorities must not be used in any manner to permit a borrower to obtain a settlement to which he is not entitled.

(2) Case classification of a borrower will not prevent the settlement of his debt, nor will a settlement thereof prevent the borrower from receiving further assistance. However, an application for assistance in such a case will be reviewed carefully in the light of the circumstances surrounding the settlement, as well as other applicable factors, for the purpose of determining whether the applicant has a reasonable prospect of repaying the loan requested and any remaining debts due the Farmers Home Administration.

(d) *Debts subject to settlement.* Debts due the Farmers Home Administration arising under any of the following types of loans or contracts may be settled subject to the provisions of this section:

(1) Emergency Crop and Feed loans, including drought feed loans made in 1934–1935 and loans made by the Secretary of Agriculture to farmers for the purchase of capital stock in forming local Agricultural Credit Corporations.

(2) Rural Rehabilitation loans, including those made from State Rural Rehabilitation Corporation funds.

(3) Flood and Windstorm Restoration loans.

(4) Lease Contracts of former project occupants.

(5) Lease and Purchase Contracts that have been canceled.

(6) Furniture Contracts.

(7) Wartime Civilian Control Administration loans. These loans were made only in the West Coast States.

(8) Production and Subsistence loans.

(e) *Settlements of debts upon application by borrower*—(1) *Compromise and adjustment.* Debts described in paragraph (d) of this section may be compromised or adjusted upon application by the borrower, or, when unable to act for himself, upon application by his guardian, executor, administrator, or any other person directly interested in his estate, provided all of the following conditions exist:

(i) The total amount of the claim on which settlement is requested, including accrued interest and any other charges which properly are chargeable to the account, is less than $10,000. When the total amount of all types of debts due the Farmers Home Administration, including, for this purpose, Water Facilities, Farm Ownership, and Other Real Estate debts, is $10,000 or more, regardless of the amount of the debts on which settlement is requested, the case will be transmitted to the National Office with the complete file. Such requests will be documented as required for other settlements.

(ii) The debt for which settlement is requested is due and payable finally under the terms of the note or the right of acceleration under the note has been exercised by written notice prior to the date of the application and offer: *Provided,* That any compromise or adjustment offer on indebtedness which has not been due finally and payable for a period of two years or more or when a period of two years has not elapsed from the date of acceleration under the terms of a note, will be referred to the National Office for concurrence by the Administrator or his delegate before a final settlement is approved. However, such offers need not be referred to the National Office for concurrence if the notes evidencing the indebtedness were renewed prior to December 31, 1944.

(iii) The borrower is unable to pay in full his debts due the Farmers Home Administration and the amount offered

in compromise or adjustment is found to be the full amount that he can be expected to pay, based on a determination of his reasonable ability to pay, and the value of the security, if any. Unwillingness of the borrower to pay his debt, or a mere financial disadvantage to him, will not justify the acceptance of a compromise or adjustment offer. The good faith of a borrower in meeting his obligation(s) to the Government also will be considered. The debt-paying ability of a borrower must be determined by making a complete analysis of his circumstances. The following factors, among others, will be considered in making this analysis:

(*a*) *The present income of the borrower and probable income in the future.* The source of a borrower's income and the nature of his work will affect the amount and stability of his future income and debt-paying ability and will have a direct bearing on settlement. Payments received from old-age pensions and payments received by veterans for pensionable disabilities should not be considered as sources of funds with which to make compromise and adjustment offers.

(*b*) *Necessary living and operating expenses of the borrower.* It is essential to determine the necessary living and operating expenses of the borrower, since the amount of net income is important in determining the amounts that will be available for payment on debts.

(*c*) *The value of security.* In determining debt-paying ability, it must be presumed, in any case, that the borrower can pay an amount at least equal to the fair-market value of the security for the debt. Therefore, an amount less than the value of the security will not be accepted in settlement. When the debt is secured, the maximum amount which the borrower is able to pay over and above the fair-market value of the security must be determined from an examination of all other pertinent factors. County Supervisors will show in Part VII of Form FHA–858, "Application for Settlement of Indebtedness," the fair-market value of any security and the basis on which established.

(*d*) *The value of the borrower's property.* Some of the property owned by a borrower, such as household goods and his homestead, is not subject to the payment of debts in many states unless the property is mortgaged; nevertheless, the value of assets in relationship to total liabilities is one indication of the extent to which a borrower can pay his debts. There is no intention, however, to require a borrower to liquidate all of his assets before a settlement is made.

(*e*) *The total debt of the borrower and the relative priorities on his income.* The extent and manner in which the borrower's debts are secured and the claim that such secured debts have on his income will determine the position of the various creditors in obtaining payment from income. The relative position of the Farmers Home Administration, as a creditor, will determine largely the payments that may be expected out of income. However, a settlement should not be approved in cases where other creditors will be permitted to assume a more favorable position than that to which such creditors otherwise would be entitled. In some cases when borrowers are farming, County Supervisors may need to contact other creditors for the purpose of effecting debt adjustment.

(*f*) *The age and health of the borrower.* Advanced age alone is not necessarily an indication of the borrower's future earning capacity, although a borrower of advanced age may be less likely to enjoy an increased income from which a larger debt-paying ability may be derived. The condition of the health of a borrower necessarily will weigh heavily in determining whether his future income probably will increase or decrease. The stability of necessary labor and management contributions from other members of the family in carrying on the enterprise also should be given consideration.

(2) *Cancellation of debts upon application by the borrower.* (i) Debts arising under the following types of loans may be canceled upon application by the borrower, or, when unable to act for himself, upon application by his guardian, executor, administrator, or any other person directly interested in his estate, provided the principal balance due under a single act of Congress is not in excess of $1,000, and the other applicable provisions set forth herein are met:

(*a*) Emergency Crop and Feed loans, including Drought Feed loans made in 1934–1935 and loans made by the Secretary of Agriculture to farmers for the purchase of capital stock in forming local Agricultural Credit Corporations.

(*b*) Rural Rehabilitation loans, excluding those made from State Rural Rehabilitation Corporation funds.

(*c*) Flood and Windstorm Restoration loans.

(*d*) Production and Subsistence loans.

(ii) In addition to the foregoing limitation as to amount, the following requirements must be met before any debts due the Farmers Home Administration may be canceled:

(*a*) *The final installment on the note or contract presently held by the Government as evidence of the debt must have been due and payable five years or more.* If maturities under a note have been accelerated by written notice to the borrower, the five years will begin to run from the date of such notice, provided all servicing action subsequent to the notice has been consistent with the intent of the notice. For renewed accounts, the five years will begin to run from the date of the last installment on the renewal note or from the date of the notice of acceleration under that note.

(*b*) *The borrower is unable to pay any part of his debts and has no reasonable prospect of being able to do so.* Such findings will not be made on the basis of mere unwillingness to pay or mere financial disadvantage to the borrower, but on the basis that the settlement is the most advantageous arrangement possible from the standpoint of the Government. In no event shall debts be canceled unless, in addition to the foregoing requirements, there is an advantage in removing the debts from the accounts.

(*c*) *The borrower has acted in good faith in an effort to pay his debts.* Some of the factors to consider in determining whether a borrower has acted in good faith in an effort to pay his debts are: (*1*) Properly caring for and accounting for all security property; (2) Propriety of uses of income and whether or not payments have been made on the debts to the extent possible; (3) Whether the borrower has attempted, through the transfer or sale of assets or by other means, to defeat efforts to collect the debts; and (*4*) Whether the borrower made any material misrepresentation or concealed any pertinent facts in obtaining the loan.

(iii) The following information is given as a guide in determining whether the principal balance due on loans made under a single act of Congress is in excess of $1,000:

(*a*) Emergency Crop and Feed loans made in the calendar year 1936 and in prior calendar years, with the exception of 1934–35 drought loans, may be identified to the act of Congress under which they were made by the prefix or suffix. For example: "32–" or "–32" means that the loan was made under the 1932 act of Congress. These prefixes or suffixes may carry a further identification letter such as "C," "W," "V," and so forth, to indicate the type or purpose of the loan; but, regardless of this additional identification, the prefix or suffix "32" means that the loans were made under an act of Congress for that year. The prefix or suffix "34D" means that the loan was made from a special fund in 1934–35 for the feeding of livestock during the severe drought in that period. Such drought loans must be considered separately from regular 1934 and 1935 Emergency Crop and Feed loans in arriving at the $1,000 limitation.

(*b*) All Emergency Crop and Feed loans beginning with the calendar year 1937 and extending through October 31, 1946, were made under the act of Congress approved January 29, 1937, as amended; therefore, all principal balances outstanding on loans made to a borrower during that period must be considered together in determining whether he owes a principal balance in excess of $1,000 under one act of Congress.

(*c*) Loans outstanding which were made by the Secretary of Agriculture during the early thirties for the purchase of capital stock in Agricultural Credit Corporations are very few in number. A schedule of these loans will be sent to each State Office concerned.

(*d*) Rural Rehabilitation loans were made under a separate act of Congress for each fiscal year, beginning with the fiscal year 1936 through October 31, 1946. Consequently, the unpaid principal balance on Rural Rehabilitation loans approved for a borrower during any one fiscal year will be the basis for determining whether the amount of the principal debt for such loans under a single act of Congress is $1,000 or less.

(e) Flood and Windstorm loans were made pursuant to one act of Congress, namely, the Second Deficiency Appropriation Act of 1943. Consequently, the $1,000 limitation will apply to the total principal amount owed by a borrower for all such loans, regardless of the year made.

(3) *Review by County Committee.* The County Committee will review all applications for settlement of debts and will recommend approval or rejection of proposed settlements in the section provided for this purpose in the application. No settlement will be approved which is more favorable to the borrower than that recommended by the County Committee.

(f) *Cancellation of debts without application from the borrower.* (1) Debts described in paragraph (d) of this section may be canceled without an application from the borrower when:

(i) The total debt is $10 or less and it appears that further collection efforts would be ineffectual or likely to prove uneconomical.

(ii) The total debt is over $10 but not in excess of $100, has been due and payable for three years or more, and further provided that the County Supervisor having charge of the claim makes a current investigation and reports that the borrower has no known assets from which the debt can be collected.

(2) Debts described in paragraph (e) (2) (i) of this section may be canceled, regardless of the amount due, without an application from the borrower when:

(i) The borrower (all obligors) is deceased and all of the following conditions exist:

(*a*) All possibilities of making collections on the debt have been exhausted.

(*b*) There is no known security for the debt.

(*c*) The debt has not been assumed by any other party.

(*d*) If an administrator or executor has been appointed to settle the estate of the borrower(s), a final settlement has been made and confirmed by the probate court.

(*e*) A period of at least twelve months has elapsed since the death of the borrower (all obligors).

(ii) The borrower (all obligors) has received a discharge of the debt in bankruptcy and all of the following conditions exist:

(*a*) A representative of the Office of the Solicitor has rendered an opinion that the claim was recognized properly in the bankruptcy proceedings and that the discharge may bar successfully any legal action by the Government against the borrower (all obligors) to enforce collection of the debt.

(*b*) The debt has not been revived by the borrower (or any other obligors).

(*c*) There is no known security for the debt.

(iii) The whereabouts of the borrower (all obligors) is unknown and has remained unknown for at least two years when the debt is $100 or less, or five years when the debt is in excess of $100, and provided all of the following conditions exist:

(*a*) All possibilities of making collections on the debt have been exhausted.

(*b*) There is no known security for the debt.

(*c*) Local representatives of other agencies of the Department of Agriculture have been contacted to ascertain whether or not such agencies have known of the borrower's whereabouts during the last two years if the debt is $100 or less, or five years if the debt is in excess of $100.

(*d*) A diligent effort has been made by the field officials to locate the borrower. The records must establish the fact that repeated efforts have been made to locate him during the period of time that his address has not been known. A mere statement of conclusions by the official recommending the cancellation is not of itself sufficient to satisfy this requirement.

(*e*) The debt has been due and payable for three years or more.

(g) *Delegation of authorities.* (1) State Directors hereby are authorized to approve compromise, adjustment or cancellation of debts due the Farmers Home Administration, upon application by borrowers, under the policies and procedures set forth in this section, provided the applicable conditions contained in paragraph (e) of this section are found to exist.

(2) State Directors hereby are authorized to cancel debts due the Farmers Home Administration, without applications by borrowers, under the policies and procedures set forth in this section, provided the situations and applicable conditions in paragraph (f) of this section are found to exist.

(3) The authorities contained herein may not be redelegated.

(h) *County Office handling.* (1) Borrowers who request settlement of debts under the provisions of paragraph (e) of this section will complete Parts I through V of Form FHA–858, "Application for Settlement of Indebtedness," in the original and two copies. The original and one copy, together with the borrower's case file, will be transmitted to the State Office and one copy retained in the County Office. Separate Forms FHA–858 will be completed by borrowers who jointly and severally are liable for the debt and will be transmitted to the State Office as a unit. However, in cases of joint borrowers who are members of the same family unit (such as husband and wife, mother and son, and so forth) one Form FHA–858 signed by both may be used. In the latter case, the required financial information for both borrowers will be entered on Form FHA–858. Settlements may not be approved as to one joint borrower unless approved as to all borrowers obligated for the debt. The information entered on Form FHA–858 must be furnished by the borrower and not obtained from office records or furnished by County Office personnel, except that borrowers will be furnished the necessary information concerning the amount of their debts. However, officials will assist borrowers, when necessary, in the preparation of Form FHA–858. In order to eliminate unnecessary handling of applications, County Supervisors should discourage borrowers from filing Form FHA–858 in those cases where the debts are clearly ineligible for settlement or when the amount of the proposed offer is clearly not in line with repayment ability. Since County Supervisors may neither approve nor reject applications under this section, any application, regardless of its merits, will be accepted upon the request of the borrower and forwarded to the State Office with the County Supervisor's recommendation for final approval or rejection. When applications are received at the insistence of borrowers and the debts are clearly ineligible for settlement, normal collection and security servicing activities will continue in accordance with approved policies.

(2) The following explanation is furnished to assist in the preparation of certain parts of Form FHA–858:

(i) *Part II (A)* Debts for which settlement is requested will be listed in Part II (A). The loan type code or loan number and the date(s) of note(s) evidencing the debts will be entered in column (1). The face amount of the note(s) (not to include deferred interest shown on renewal notes) will be entered in column (3). The unpaid balance of interest and principal by notes (or by loan type) will be entered in the proper spaces in column (4). For this purpose, interest will not be accrued to a date later than the date of the last trial balance, except that interest on Emergency Crop and Feed loan accounts will be calculated to the date of the application for settlement.

(ii) *Part II (B).* Debts due the Farmers Home Administration for which settlement is not being requested, will be listed in Part II (B).

(iii) *Part II (C).* Debts due other agencies of the Department of Agriculture will be listed in Part II (C) and the name of the agency shown in column (1).

(iv) *Part III (A).* When an application for settlement is submitted after the crop season begins, the estimated farm income for the entire calendar year should be included in the figures entered in column (1), Part III (A). When an application is submitted before the beginning of the crop season, the farm income for the previous calendar year will be included in the figures entered in column (1), Part III (A). In the latter situation, however, if it appears that the farm income for the present calendar year will be materially different from the previous calendar year, borrowers will be required to estimate the farm income for the entire present calendar year. This amount will be included in the figures inserted in column (1), Part III (A).

(v) *Part V.* When a borrower offers a lump-sum cash payment in compromise of the debts listed in Part II (A), the amount will be entered in the appropriate space in Part V (A). The total amount of adjustment offers will be entered in the appropriate space in Part V (A), and the amount and date of each payment in the other spaces provided for that purpose. In applications for cancellation, the word "None" will be entered in the appropriate spaces in Part V (A). The borrower will sign the original Form FHA–858.

(vi) *Part VI.* The County Committee will complete and execute Part VI as re-

quired under paragraph (e) (3) of this section.

(vii) *Part VII.* The County Supervisor will complete and execute Part VII. A detailed statement of facts disclosed by the investigation required by subparagraph (3) of this paragraph will be included under "Remarks" or, when necessary, as an attachment to Form FHA–858.

(viii) Applications (Form FHA–858) for settlements of debts must be self-supporting as to all requirements under paragraph (e) of this section.

(3) County Supervisors will investigate the circumstances of each borrower who files an application for settlement to determine the completeness and correctness of the statements made and whether the requirements in paragraph (e) of this section are met. County Supervisors will contact local representatives of other agencies of the Department of Agriculture to ascertain the correctness of the borrower's disclosures in Part II (C) of Form FHA–858. If the borrower is indebted to other agencies of the Department of Agriculture, a full report relative to such debts will accompany the borrower's application to the State Office. The investigation by County Supervisors will include personal contact with the borrower and other parties.

(4) It is the responsibility of County Supervisors to discuss with borrowers who apply for settlements, their repayment ability and other circumstances in order to aid borrowers in determining the proper type and terms of settlement offers. The present and future repayment ability of a borrower, considering the factors contained in paragraph (e) of this section will be the basis for determining whether the debts should be compromised, adjusted, or canceled, and, in the case of compromise and adjustment offers, the amount of a reasonable offer. It is impossible to forecast accurately the borrower's future repayment ability over a long period of time; consequently, offers for adjustment of debts should take this fact into consideration. The period of time during which payments on adjustment offers are to be made should not, except in unusual cases, exceed three years. If a borrower's income is derived from sources which do not appear to be stable, it may be preferable to consider a compromise offer, or an adjustment offer providing for maximum payments over a short period of time, in lieu of an adjustment providing for a larger total payment over a longer period.

(5) County Supervisors immediately will notify the State Director of any action taken by a borrower who has filed an application for settlement of his debts when such action affects the status of his debts, the security therefor, or the final decision on the settlement. If borrowers make requests for release of security property while applications for settlement of debts are pending in the State Office, the County Supervisor will refer such requests to the State Director, with appropriate recommendations. It is the responsibility of County Supervisors to service adequately all debts with respect to which adjustments have been approved, and the security therefor. Adjustment agreements will become inoperative and any payments made thereunder will be retained when it is determined that a borrower has failed to comply reasonably with the terms of such agreements. Unless payments in adjustment cases are received within fifteen days of the date due, County Supervisors will notify the State Director of the failure of the borrower to meet the terms of the approved adjustment offer, together with other pertinent information.

(6) Applications in which the borrower offers a payment in compromise of debts, or in which he makes an adjustment offer with an initial cash payment, will be supported by the payments required therein at the time such applications are filed in the County Office. Such payments may be in any form that is acceptable to the Farmers Home Administration as payments on accounts, and will be receipted for in the usual manner on Form FHA–37, "Receipt for Payment," by officials of the Farmers Home Administration who are authorized to accept collections, except:

(i) Receipts covering payments, either in compromise or adjustment cases, made at the time of the offer will not show the usual loan identification but instead, will contain one of the following legends: "Compromise offer—FHA" or "Adjustment offer—FHA." These payments will be held in Special Deposits by the Area Finance Manager pending receipts from the State Director of notice of approval or rejection of the offer.

(ii) Receipts covering payments by borrowers under approved adjustments will contain the following legend in the identification block in lieu of the usual loan identification: "Payment under FHA adjustment approved _____." Such payments will not be held in suspense. The source of each payment will be indicated clearly on Form FHA–37, in the space provided for that purpose. Proceeds derived from the sale of security property shall not be used in making compromise or adjustment offers. Such proceeds are subject to application on the borrower's account, irrespective of an application for settlement of indebtedness, and, therefore, cannot be returned to the borrowers if such offers are rejected.

(i) *State office handling.* (1) State Directors will appoint a Review Committee composed, generally, of three State Office staff members who are qualified by experience and training to review and make recommendations on each proposed action submitted in accordance with the provisions of paragraphs (e) and (f) of this section. In those offices having a Loan Servicing Specialist, he will be a member of this Review Committee.

(2) Applications for settlement under this section may not be approved when the debt is pending before the Secretary of the Treasury for compromise, or before the Department of Justice for collection. Advice of the representative of the Office of the Solicitor should be obtained on settlement offers from guardians, executors, administrators, or other persons directly interested in estates in process of administration to be sure that cases normally referred to the United States Attorneys under existing procedures will continue to be so referred. When a case is pending before the Department of Justice, the County Supervisor should explain to the borrower that authority to act in such a case rests with the United States Attorney and should advise the borrower to contact that office regarding any proposals for settlement. If the borrower insists on submitting an offer through Farmers Home Administration channels, the County Supervisor will transmit the offer to the State Office, with appropriate recommendation by separate memorandum but without the recommendation of the County Committee. In such cases, Form FHA–858 need not be prepared. State Directors will refer such offers to the representative of the Office of the Solicitor for appropriate handling. County Supervisors will avoid making any commitment or statement to a borrower which might in any way prejudice the United States Attorney's handling of the case. If a case has been referred to the Department of Justice and later returned with a statement that it has been closed without taking judgment, offers of settlement then may be acted upon as authorized in this section. However, if a judgment has been obtained, any compromise offer must be referred to the Department of Justice, regardless of the amount of the debt or the fact that the case may have been returned as a "closed file."

(3) State Directors will indicate the final action on each application for settlement under the provisions of paragraph (e) of this section, by signing and dating the original of Form FHA–858. There also will be shown the source of the authority in the space provided for that purpose. When the borrower's offer is accepted, the original of Form FHA–858 will be forwarded to the Area Finance Office for processing. When the borrower's offer is rejected, the State Director will notify the Area Finance Manager to refund to the borrower, in care of the appropriate County Supervisor, any amounts being held in Special Deposits as provided in paragraph (h) (6) of this section. A copy of such notice will be retained in the State Office files. Both the original and one copy of Form FHA–858 will be retained in the State Office for all rejected applications. State Directors will notify borrowers, by letter, of the final action taken in respect to their applications for settlement. For approved applications, the letter should set forth specifically the terms of the offer and the approval thereof. For rejected applications, the letters will set forth briefly the reasons therefor. A copy of the letter to the borrower will be stapled to the State Office copy of Form FHA–858. Another copy along with the borrower's case file will be forwarded to the County Office. However, when the rejection of an offer appears necessary because of lack of information or inadequacy of the offer, State Directors may inform County Supervisors of the tentative rejection

and request submission of additional information or request that the borrower submit, if he so desires, a more acceptable offer. This action will afford the borrower an opportunity to present additional informtaion or a new offer and will assist State Directors in refraining from any final action which might be inconsistent with the ability of the borrower to pay. In such cases, the final notice of rejection of the offer should be withheld until sufficient time has elapsed to enable the borrower to present further information or a new offer.

(4) State Directors will review carefully reports from County Supervisors relative to the failure of borrowers to meet the terms of approved adjustments. State Directors may approve a change in the payment date of a single installment due on an approved adjustment when special circumstances justify such action and when the change will not affect the payment dates of subsequent installments. They may approve other revisions when a new offer is submitted and the requirements in paragraph (e) of this section, are met fully, including a new recommendation by the County Committee. When an approved adjustment is voided, because of the failure of the borrower to meet the terms thereof, the State Director will notify the borrower by letter of such action and will forward copies thereof to the Area Finance Office and the County Office.

(5) State Directors will approve the cancellation of debts due the Farmers Home Administration, authorized in paragraph (f) of this section, by signing and dating Form FHA–859. There also will be shown the source of the authority in the space provided therefor. The original and one copy of Form FHA–859 will be forwarded to the Area Finance Office for processing.

PART 387—SECURITY

Part 387 is added as follows:

§ 387.1 *Servicing security for operating loans*—(a) *General.* Borrowers must account to the Government for all property that is mortgaged to secure operating loans. County Supervisors will make borrowers aware of their responsibilities by reference to the various covenants in the mortgage and by appropriate explanations and advice. In addition, County Supervisors, in the protection of the Government's security interest, will discuss with and advise borrowers concerning the wise use of income and, specifically, the uses consistent with this section that may be made of proceeds derived from the sale of security property as authorized herein.

(b) *Extension or renewal of security instruments*—(1) *State requirements.* In many states, statutes provide a method for extending or renewing recorded security instruments. The State Director, with the advice of the Representative of the Office of the Solicitor as to legal matters involved, will issue state instructions covering this requirement.

(2) *Authority.* County Supervisors are authorized to execute Form FHA–126, "Affidavit of Extension and Renewal," or similar form approved by the Representative of the Office of the Solicitor, as provided for in state instructions, when such action is required in order to extend or renew security instruments.

(c) *Obtaining additional security.* When additional security for a loan is available (including assignments on current income) and is needed to protect further the Government's interest, County Supervisors will attempt to obtain such additional security. When a current loan is not being made to a borrower, annual crop liens will be taken as additional security only if the County Supervisor determines, in individual cases, that such liens are necessary to protect the interests of the Government. In taking additional security, notes for Water Facilities loans, the final due date of which extends beyond that of other operating loans, will not be described on mortgages covering the borrower's crops, livestock, and farm machinery. This will mean, in such cases, that Water Facilities indebtedness and other operating-loan indebtedness will not be described on the same mortgage. To encumber the borrower's operating capital for the period of repayment of such Water Facilities loans, may impair seriously the borrower's ability to refinance his indebtedness or to obtain necessary operating credit after his other operating loans have been repaid.

(1) *Securing unpaid balances on Emergency Crop and Feed, Rural Rehabilitation, and Production and Subsistence Loans.* When mortgages are taken to secure current Production and Subsistence loans, or for other purposes, unpaid balances on Emergency Crop and Feed loans, Rural Rehabilitation, or Production and Subsistence loans, which are secured at that time, will continue to be described in mortgages. County Supervisors must determine in individual cases whether to request borrowers to give security for unpaid balances on loans which are now unsecured. This determination will be based upon whether the total amount owed is clearly within the ability of the borrower to repay within a reasonable period, generally not to exceed three years, and whether the borrower can offer security of sufficient value to aid materially in the collection of the indebtedness. Borrowers who are eligible for loans in accordance with present requirements will not be denied assistance because of their unwillingness or inability to give security for unpaid balances on unsecured loans. This policy permits the exercise of sound discretion by County Supervisors in requesting borrowers to convert unsecured loans to a secured status. In the administration of this policy, County Supervisors will not obtain security for unsecured balances that have been outstanding for several years and that are clearly beyond the ability of the borrower to repay in full.

(2) *Real estate.* (i) Real estate should be taken as additional security for operating loans only in cases where adequate chattel security is not available and the financial condition of the borrower, considering the amounts owed both the Farmers Home Administration and the outside creditors, is unfavorable and where the borrower has a substantial equity in such real estate to be mortgaged.

(ii) Where the County Supervisor recommends that real estate security, including liens on Farm Ownership farms, be taken, he will submit the following information to the State Office:

(*a*) An appraisal report, where one has not been submitted previously, on the real estate on which it is proposed that the Farmers Home Administration will obtain a lien. The appraisal should show the present fair-market value of the property and the borrower's equity in such property, and may be made by any employee of the Farmers Home Administration who is qualified to make real estate appraisals.

(*b*) A brief statement of facts, based upon the conditions in subdivision (i) of this subparagraph, showing the desirability of taking such real estate security.

(*c*) A brief description of existing liens, if any, on the property, including the repayment terms thereof.

(iii) If the taking of such additional security is approved by the State Office, appropriate forms and instructions will be provided by the State Office in each case.

(iv) Borrowers will be required to insure improvements on real property covered by liens securing operating indebtedness in such amounts and against such hazards as are customary in the area. Such insurance may be obtained from any insurance company properly authorized to do business in the area. The insurance policy must include a standard mortgagee clause providing for direct payment to the United States of America as its interest may appear in the property.

(d) *Furnishing lists of borrowers to purchasers*—(1) *Policy.* County Supervisors, where they deem it advisable, may furnish buyers within a trade area with lists of borrowers whose property is subject to liens held by the Farmers Home Administration. State Directors, however, may require that such lists be distributed in any specified area or in the State as a whole. Such lists may be general, showing all borrowers who have mortgaged all or a part of their crops or personal property, or they may be specific, showing only those borrowers who have mortgaged certain types of crops or personal property. Specific lists may or may not be in addition to the general lists. Discretion will be exercised in the distribution of lists. It is the public records which give the notice required by law, and this list is only in addition to such notice.

(2) *Transmittal.* Lists will be transmitted by letter, Form FHA–852, "List of Farmers Home Administration Borrowers." When practical, County Supervisors personally may deliver such lists to the buyers. It will be the responsibility of the County Supervisor to keep current the lists that have been distributed by notifying buyers in writing of the names of borrowers that should be added and the names of paid-up or transferred borrowers that should be deleted, or to indicate clearly in writing that such lists are "annual" lists.

(e) *Disposition of security property other than real estate*—(1) *General policy.* Any dispositions of property mortgaged to the Farmers Home Administration are made subject to the mortgage held by the Farmers Home Administration. Moreover, borrowers will be held strictly accountable to the Government for all proceeds derived from the sale of mortgaged property. Proceeds derived from the sale of security property sold in the usual course of operating the farm enterprise (that is, normal farm income) and which the Farmers Home Administration is entitled to receive under its lien should be used first to pay the amount due or about to become due on the accounts owed the Farmers Home Administration. All other security property is "basic security," and proceeds derived from its sale will be applied, except as otherwise authorized below, on debts secured by liens on the property in accordance with the priority of such liens. Security property or the proceeds thereof may be released only when it reasonably appears from the facts that such release will not be to the financial detriment of the Government.

(2) *Authorizations.* County Supervisors are authorized to release security property under the following conditions:

(i) When security property has been sold, provided the proceeds are used for one or more of the following purposes:

(*a*) To make payments on debts due the Farmers Home Administration. (This authority to release security property may not be exercised by County Supervisors in liquidation cases unless such liquidations have been approved by the appropriate official.)

(*b*) To pay, in nonfarm and home plan cases, from the sale of crops, livestock, and livestock products sold in the usual course of operating the farm enterprise; (*1*) necessary harvesting and marketing expenses, not otherwise provided for, in connection with crops or livestock mortgaged to the Farmers Home Administration; and (*2*) other necessary farm and home expenses for the crop year, not otherwise provided for, after the Production and Subsistence loan for the year has been paid. After a borrower has repaid in full the Production and Subsistence loan for the current year and has paid on any old secured debts due the Farmers Home Administration the amount agreed upon with the County Supervisor, the remaining income for the year from the sources enumerated above may be released to the borrower to meet other farm and home expenditures.

(*c*) To pay farm and home expenses provided for in the farm and home plan, including revisions thereof, from proceeds derived from crops, livestock, or livestock products, the sale of which is contemplated in the farm and home plan. In such cases, when it becomes evident that the total income will be insufficient to meet the farm and home expenses for the year, plus the amount to be paid on the borrower's debts due the Farmers Home Administration for the year, the County Supervisor will reexamine with the borrower the uses that are to be made of the income, and will determine the proper proration of the income between the minimum essential farm and home expenses and payment on debts due the Farmers Home Administration.

(*d*) To pay costs (not normally occurring) that are directly necessary for the preservation of the remaining security property.

(*e*) To purchase (or to acquire through exchange) property more suitable to the borrower's needs from the proceeds of the sale (or the exchange), of basic security, subject to the following conditions:

(*1*) The new property must be made subject to a lien in favor of the Farmers Home Administration by the execution of a new security instrument (or by the operation of the "replacement" or "after-acquired property" clauses, in accordance with state instructions). The new property, together with any additional proceeds that may be applied on the indebtedness, will have security value to the Farmers Home Administration at least equal to that of the lien formerly held by the Farmers Home Administration on the old property. However, when the newly acquired property is not valued at more than twenty-five dollars ($25), a new security instrument covering such property will not be required.

(*2*) When a new security instrument is necessary, it will be taken at the time of acquisition of the new property. However, in individual cases, the County Supervisors may delay the taking of a new security instrument not to exceed one year or until a new mortgage is necessary for other reasons, whichever is earlier, when both of the following conditions exist: (i) Adequate security (the present value, as determined by a conservative appraisal, of the borrower's property remaining under mortgage to the Farmers Home Administration is substantially greater than the amount of the debt) will continue to exist; and (ii) the borrower's account due the Farmers Home Administration is current during such period of delay.

(*f*) To make payments to other creditors as agreed upon in the farm and home plan, or to pay other farm and home expenditures from crops, livestock, or livestock products that are sold in the usual course of operating the farm enterprise. However, these payments will be made only after the full amount agreed upon for the year has been paid to the Farmers Home Administration and creditors with liens superior to those in favor of the Farmers Home Administration have been paid the amounts due for the year.

(ii) When livestock is consumed by the borrower family for subsistence purposes.

(iii) When the Farmers Home Administration holds a mortgage on crops in which neither the borrower nor the Farmers Home Administration has an interest due to the fact that the borrower is no longer occupying or cultivating the premises described in the mortgages.

(f) *Accounting for security property*—(1) *County office record of security property.* County Supervisors are responsible for maintaining a complete record of each borrower's security property.

(2) *Accounting by the borrower.* When borrowers or prospective purchasers make prior inquiries concerning sales or exchanges of security property, County Supervisors are authorized to execute Form FHA–851, "Statement of Conditions on Which Lien will be Released," stating the conditions under which the Farmers Home Administration will release its lien on the property in the event of a sale or exchange. Form FHA–851 will be executed in the original and one copy, the original to be delivered to the person making the inquiry and the copy to be retained in the County Office case file. When sales or exchanges have been made in these instances, the proceeds may be used for one or more of the purposes for which releases are authorized herein.

(3) *Use of Form FHA–99, "Release."* Form FHA–99, "Release," is the only form that may be used by County Supervisors to release property. Such releases will be made only under the conditions described in paragraph (e) (2) of this section. However, as a matter of general policy, Form FHA–99 need not be prepared in any case unless requested by a borrower or by an interested third party.

(g) *Suspensions or releases of assignments*—(1) *Authority.* (i) Suspensions or releases of assignments of proceeds from the sale of agricultural products may be approved by County Supervisors for purposes enumerated in paragraph (e) (2) (i) of this section. Such suspensions or releases will be on forms approved by the Representative of the Solicitor.

(ii) State Directors are authorized to approve requests for suspensions or releases of assignments other than to those specified in subdivision (i) of this subparagraph, provided the funds are to be used by the borrower for purposes set forth in paragraph (e) (2) (i) of this section.

(2) *Preparation.* All suspensions or releases of assignments will be prepared in an original and one copy. The original will be forwarded directly to the person or firm making the payment against which the assignment is effective, and the copy will be retained in the borrower's folder in the County Office. In every case, the borrower's folder will show the purpose for which the suspension or release is made.

(h) *Waivers of liens (other than liens on real estate) for borrowers receiving loans under Commodity Credit Corporation Program.* The authorities and procedures outlined herein for the waiver of Farmers Home Administration liens on property other than real estate will apply to any of the Commodity Credit Corporation loan programs. Likewise, such authorities and procedures will apply whether the Commodity Credit Corporation loans are made directly by the corporation or through a lending agency authorized by the Commodity Credit Corporation.

(1) *Authority.* County Supervisors are authorized hereby to execute waivers of Farmers Home Administration liens on property (other than real estate) in favor of the Commodity Credit Corporation, or its associate lending agencies,

to enable borrowers indebted to the Farmers Home Administration to obtain Commodity Credit Corporation loans, provided:

(i) The funds from such loans are to be used for the purposes set forth in paragraph (e) (2) (i) of this section.

(ii) The loan is in the full amount of the Commodity Credit Corporation loan value of the commodity.

(iii) The producers' notes contain requests for the disbursement of loan funds, as set forth in subparagraph (2) of this paragraph.

(iv) When the amount of the commodity loan is less than the market value of the crop pledged, the borrower has paid or will pay from the Commodity Credit Corporation loan the amount due on debts owed the Farmers Home Administration for the crop year (including any delinquencies).

(2) *Routines for handling lien waivers.* For borrowers to obtain Commodity Credit Corporation loans, County Supervisors will be required to execute waivers of the Farmers Home Administration liens. Such waivers usually will be executed on Commodity Credit Corporation Form AB, "Lien Waiver," which will be furnished by the Commodity Credit Corporation or its associate lending agencies. If any other type of lien waiver form is being used locally for Commodity Credit Corporation loans, the County Supervisor will submit a copy thereof to the State Office for approval prior to its use. The borrower will be required by the Commodity Credit Corporation to sign a producer's note to evidence the commodity loan. Adequate space is provided in the note for the insertion of the names and addresses of lien holders and the amounts which the producer requests the payee to pay to them or to other parties who may have an interest in the proceeds. It will be the responsibility of the County Supervisor to see that such space in the producer's note is filled in properly, so as to provide for the proper disbursement of the Commodity Credit Corporation loan funds. The producer's note should provide for the issuance of a check payable to the Treasurer of the United States for the total amount to be paid the Farmers Home Administration.

(3) *Notice to lending agencies.* In every case where the lien waiver is executed, the County Supervisor will prepare and deliver or mail to the lending agency (prior to the disbursement of the loan funds) a letter notifying such lending agency that the lien waiver may be held by it and exercised only in the event the loan proceeds are disbursed according to the terms of the producer's note. Form FHA–707, "Waiver of Lien," (letter to lending agency) will be used for this purpose.

(i) *Loss or destruction of security property.* The loss of security property by death, theft, destruction, or deterioration will be made a matter of record in the County Office through the use of Form FHA–708, "Statement of Loss of Property." County Supervisors will require completion and execution of this Form by borrowers in all such cases. Any questionable circumstances respecting reported losses will be investigated by the County Supervisor. Appropriate reports and recommendations will be made through the District Supervisor to the State Office in cases when the circumstances indicate that it may be necessary to take legal action.

(j) *Actions when borrowers fail to account properly for security property.* In cases when borrowers fail to account properly for security property, the County Supervisor will report the facts promptly to the State Office. However, where such actions by the borrower represent only minor deviations from the policies expressed in this section and have no materially adverse effect upon the financial interest of the Farmers Home Administration, (for example, where borrowers have failed to account for nominal amounts which were derived from the sale of security property, or have failed to explain satisfactorily the disposition of minor items of security property), such cases need not be reported. Such report need not be made when the borrower pays his loan in full, either voluntarily or through liquidation action.

(k) *Subordination of security other than real estate*—(1) *Policy.* Liens in favor of the Farmers Home Administration may be subordinated only when:

(i) Such action will assist the Government in preserving or realizing on its security.

(ii) The best interest of the borrower will be served by such action.

(iii) The Government will suffer no financial detriment by reason of such subordination.

(2) *Authorizations and purposes.* District Supervisors are authorized to execute subordinations of Farmers Home Administration liens on property (other than real estate subject to the above-stated policy and in the following instances:

(i) When an obligation secured by a lien prior to that of the Farmers Home Administration is about to mature or has matured and the prior lien holder desires to extend or renew the obligaton, or the obligation can be refinanced, provided the relative position of the Farmers Home Administration is maintained.

(ii) When the Farmers Home Administration has not and will not advance funds for the crop year for any of the crops or for a particular crop, provided, the subordination covers only the crops growing or to be grown during the crop year, in connection with which the Farmers Home Administration has not advanced funds, and is limited to a specific amount determined to be necessary for the production of the crop or crops.

(iii) When the Farmers Home Administration holds a lien on crops and additional funds are needed for harvesting or marketing such crops, provided:

(*a*) The subordination is limited to a specific amount that has been found by the Farmers Home Administration to be reasonable and necessary for the purposes for which such funds are to be used.

(*b*) It appears reasonably certain that the funds obtained by the borrower will be repaid within 90 days.

(*c*) Subordination agreements may not be used to finance enterprises which could not be financed wholly by funds of the Farmers Home Administration because of loan policies and limitations.

(iv) When funds are needed to preserve or realize on security property because of an emergency or catastrophe, and such need for funds cannot be met through a loan by the Farmers Home Administration in sufficient time to prevent the borrower and the Farmers Home Administration from suffering a substantial loss.

(3) *Methods.* Subordinations that are authorized herein may be made only by use of subordination agreement forms approved by the State Director and the Representative of the Office of the Solicitor. No forms approved for other purposes, letters of any type, or oral commitments, may be used to subordinate the liens of the Farmers Home Administration or to commit the Government in any way to other credit sources. County Supervisors may not guarantee, personally or on behalf of the Government, repayment of advances from other credit sources.

(4) *Statement of justification.* The County Supervisor will prepare a detailed statement of facts showing the justification for the proposed subordination action when a request for subordination is being recommended by such official. A copy of the statement of justification and a copy of the subordination agreement, when approved, will be filed in the borrower's case file.

(l) *Releases and subordinations of real estate security (operating loans)*—(1) *Authority for real estate releases.* State Directors are authorized to release, on Form FHA–29 or other forms approved by the Representative of the Office of the Solicitor, liens on real estate in favor of the Farmers Home Administration in the following instances:

(i) When mortgaged real estate is sold for its fair-market value and all of the proceeds, less necessary sale expenses, are applied on the mortgage debts in accordance with their respective priorities. (See paragraph (n) of this section, for satisfaction of security instruments where debts have been paid in full.)

(ii) When mortgaged real estate is sold or exchanged to acquire other property better suited to the borrower's needs. Appraisals showing the fair-market value of the property being sold or exchanged and of the property being acquired will be made by a qualified employee of the Farmers Home Administration. When real estate is being acquired, a title search and certificate of title will be obtained at the borrower's expense. The Farmers Home Administration must obtain a lien on the new property having security value, after applying any excess proceeds on the Farmers Home Administration lien debts, at least equal to the value of the lien formerly held by the Farmers Home Administration on the old property.

(iii) When a right-of-way or an easement is granted for its fair value and the proceeds, if any, are applied on the mortgage debts in accordance with their respective priorities, provided such action will not affect adversely the value

of the security of the Farmers Home Administration.

(iv) When timber, oil, mineral, or similar rights are sold for their fair-market value and the net proceeds are applied on the mortgage debts in accordance with their respective priorities, provided such action will not affect adversely the value of the security of the Farmers Home Administration.

(v) When the mortgagor has only a contract to purchase (not title to the property) and has defaulted on his purchase contract, or it otherwise appears that there is no possibility of his acquiring title, provided the Farmers Home Administration will suffer no detriment by reason of such action. In such cases, if the mortgagor is entitled to a refund under the purchase contract, such refund will be applied on the debts due the Farmers Home Administration.

(2) *Release of valueless junior liens.* When the Farmers Home Administration holds a junior lien and a release is requested, the State Director will ascertain whether or not such lien has any value. When such junior lien is determined to be valueless, a release may be executed only by the Comptroller General. Applications for release of valueless junior liens will be prepared with the assistance of the Representative of the Office of the Solicitor and submitted to the National Office for further handling.

(3) *Subordinations.* The same policies with respect to the subordination of Farmers Home Administration liens on chattel property stated in paragraph (k) (1) of this section, also are applicable to the subordination of liens on real estate. Based upon this policy, State Directors are authorized to subordinate, on forms approved by the Representative of the Office of the Solicitor, the liens of Farmers Home Administration on real estate, in the following instances:

(i) When an obligation secured by a lien prior to that of the Farmers Home Administration is to be renewed or extended, or when such obligation can be refinanced, provided the relative position of the Farmers Home Administration is maintained.

(ii) When the Farmers Home Administration holds a junior lien and funds are being advanced for needed improvements on the real estate, provided both of the following conditions exist:

(*a*) The relative position of the Farmers Home Administration lien is maintained.

(*b*) The additional funds are needed by the borrower to preserve the property on which the Farmers Home Administration has a lien, or will be used to make improvements to the property which will create a more favorable collection outlook for the Farmers Home Administration.

(iii) When a right-of-way or an easement is granted for its fair value and the proceeds, if any, are applied on the mortgage debts in accordance with their respective priorities, provided such action will not affect adversely the value of the security of the Farmers Home Administration.

(iv) When oil, mineral, or similar rights are leased for their fair value, provided the Government will suffer no detriment by reason of such action. When the lease will reduce the value of the property as security, the net proceeds realized therefrom will be applied on the mortgage debts in accordance with their respective priorities. In other cases, State Directors may permit the proceeds derived from the lease to be paid directly to the borrower, provided the account due the Farmers Home Administration is current and the borrower is making satisfactory progress.

(4) *Statements of justification.* The County Supervisor will prepare a detailed statement of justification in support of each release or subordination action proposed under subparagraphs (1), (2) and (3) of this paragraph. Such statements of justification will be forwarded to the State Director. For all approved releases and subordinations, a copy of the statement of justification and a copy of the release or subordination will be filed in the borrower's case file.

(m) *Correcting errors in security instruments.* When security instruments have been taken to secure operating loans covering property which the mortgagor did not own, or in which he had no mortgageable interest, State Directors are authorized to correct such errors, except when it is determined that there was bad faith on the part of both the borrower and the owner in giving the security instrument. This authority will be exercised through the use of Form FHA–99, or other form approved by the Representative of the Office of the Solicitor.

(n) *Satisfactions of security instruments (operating loans)*—(1) *Satisfaction upon receipt of fully paid notes.* County Supervisors are authorized to satisfy mortgages, deeds of trust, assignments, and other security instruments covering crops, chattels and real estate when all notes secured by such instruments have been paid in full (including those satisfied through compromise, adjustment, or cancellation action), as evidenced by receipt of Form FHA–597, "Notice of Fully Paid Notes," by the execution of Form FHA–77, "Satisfaction," in an original and one copy. The original will be delivered to the borrower for recording or filing, and the copy will be retained in the County Office.

However, if state laws require recording or filing by the mortgagee, a second copy will be prepared for the borrower, and the original will be recorded or filed by the County Supervisor. When state statutes provide that satisfactions may be accomplished by marginal entry on the records of the recording office, or when special circumstances require some other form of satisfaction, County Supervisors are authorized to make such satisfactions according to state instructions. In such cases, Form FHA–77 will not be prepared, but a notation of the satisfaction will be made on Form FHA–597 which will be retained in the borrower's case file.

(2) *Satisfaction prior to receipt of fully paid notes.* County Supervisors are authorized to satisfy mortgages, deeds of trust, assignments, and other security instruments covering crops, chattels, and real estate at the time final payments are received and prior to receipt of fully paid notes, provided that final payment on the debt secured by the instruments being satisfied is received in the form of cash, postal money order, certified check, or cashier's check. Satisfactions in such cases will be made only on Form FHA–77, and not by marginal release or other special method. This authority to satisfy security instruments will be exercised only in cases requiring immediate action, such as the refinancing of Farmers Home Administration loans, or other need for removing the Government's liens on the security property simultaneously with receipt of final payments.

(o) *Assignment of notes and security instruments.* State Directors are authorized to assign notes to third parties without recourse against the Government, and security instruments therefor without warranty by the Government, in consideration of the payment in full of such notes by such parties in the situations set forth below. The Representative of the Office of the Solicitor will review each proposed assignment, as to the legal matters involved, and will approve the form of assignment.

(1) When borrowers request or give written consent to such an assignment.

(2) When borrowers have not requested or given written consent to such an assignment, provided:

(i) Such borrowers have been declared incompetent or, being competent, have demonstrated an unwillingness to cooperate voluntarily with the Government in the servicing and orderly retirement of their accounts.

(ii) Such assignment will eliminate costly administrative and legal handling by the Government.

(p) *Fees*—(1) *Security instruments.* Statutory fees for filing or recording mortgages and other security instruments (including renewal mortgages or statements, or Form FHA–126, "Affidavit of Extension and Renewal") and notary fees in connection with the execution of such instruments, in all cases where money advances are being made, will be paid by the borrower out of personal funds or loan funds, and in all other cases will be paid by him or charged to his account. Wherever possible, borrowers should pay these fees directly to the officials rendering the service. When cash is accepted by personnel of the Farmers Home Administration to be used to pay the above-mentioned fees, Form FHA–385, "Acknowledgment of Payment for Recording and Lien Search Fees," will be executed and handled as prescribed in § 373.13 of this chapter. If the borrower is unable to pay the necessary fees, the County Supervisor may pay such fees by means of Standard Form 1034, "Public Voucher for Purchases and Services Other Than Personal." When recording officials, or others, cannot or will not accept Standard Form 1034, the County Supervisor may pay the fees from personal funds and claim reimbursement by means of Standard Form 1129, "Voucher for Petty Purchases." When such fees are paid by means of Standard Form 1034, or in cash and reimbursement is claimed by means of Standard Form 1129, such forms must show the names and

case numbers of the borrowers and the amount to be charged to the account of each.

(2) *Satisfactions.* Fees for filing or recording satisfactions of security instruments must be paid by the borrower unless otherwise required by law. When state law requires the mortgagee to file or record satisfactions and to pay the necessary fees therefor, the fees will be paid by the Government and charged to nonrecoverable costs. When provided for in state instructions, payment of fees for filing or recording satisfactions, and fees for making marginal satisfactions, may be paid by means of Standard Form 1034, or in cash, and reimbursement claimed by means of Standard Form 1129.

(3) *Notarial fees.* Fees for notarial service necessary in connection with releases, subordinations, and related documents executed for and on behalf of the Government, and which cannot be secured without cost, will be paid by the Government and charged to nonrecoverable costs. Such fees will be paid by means of Standard Form 1034, or in cash, and reimbursement claimed by means of Standard Form 1129.

§ 387.31 *Transfers of farm ownership farms, with releases from personal liability, under the Bankhead-Jones Farm Tenant Act, as amended*—(a) *General.* Section 41 (g) of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers Home Administration Act of 1946, authorizes the Farmers Home Administration:

(1) To consent to the voluntary transfers of farms, which secure indebtedness to the Government administered by the Farmers Home Administration, from borrowers to other approved applicants.

(2) To release from personal liability borrowers who have transferred their farms to other approved applicants under agreements whereby the transferees assume liability for the entire amount of the outstanding secured indebtedness.

(3) To release from personal liability borrowers who have transferred their farms to other approved applicants who assume liability for that portion of the outstanding indebtedness which is equal to the normal earning-capacity value of the farm at the time of transfer; provided the County Committees certify and the Secretary or his delegate determines that the borrowers:

(i) Have cooperated in good faith with the Secretary.

(ii) Have farmed in a workmanlike manner.

(iii) Have used diligence to maintain the security against loss.

(iv) Otherwise have fulfilled the covenants incident to their loans to the best of their abilities.

(b) *Delegation of authority.* State Directors are authorized, subject to the policies and procedures prescribed herein:

(1) To approve transfers of farms.

(2) In connection with farm transfers, to modify the terms of contracts, agreements, and other loan instruments held by the Farmers Home Administration.

(3) To release transferors of farms from personal liability on obligations held by the Farmers Home Administration.

(4) When necessary in connection with approved farm transfers, to cause instruments of record to be modified, released, or discharged.

(c) *Applicability of this section.* This section authorizes transfers of farm real estate provided all of the following conditions exist:

(1) The farm is utilized in furtherance of the purposes of the Farm Ownership program and is eligible for transfer under subparagraph (5) of this paragraph.

(2) The transferees are eligible for assistance under Title I of the Bankhead-Jones Farm Tenant Act, as amended. The transferees must represent in writing, and it must be determined administratively by the State Director, after a certification to such effect by the County Committee, that credit sufficient in amount to finance the actual needs of the transferees is not available to them at the rates (but not exceeding five percent per annum) and terms prevailing in or near their community.

(3) The transfer can be consummated on terms under which the transferors will be released from further personal liability with respect to the real estate obligations when the transaction is closed.

(4) The secured indebtedness against the real estate is less than $10,000 when the transfer is effected.

(5) The real estate to be transferred is subject to first mortgages or deeds of trust held by the Farmers Home Administration to secure unpaid balances of indebtedness involving one or more of the following: (If the County Supervisor is unable to determine from the County Office records whether a farm is eligible for transfer, he will make inquiry of the State Office.)

(i) Loans and advances under Title I of the Bankhead-Jones Farm Tenant Act, as approved July 22, 1937, or as amended.

(ii) Sale of real estate by conveyance executed directly on behalf of the United States of America, the Farmers Home Administration, or the Farm Security Administration, pursuant to authority afforded by:

(*a*) Section 43 of the Bankhead-Jones Farm Tenant Act, as approved July 22, 1937, or as amended;

(*b*) Section 51 of the Bankhead-Jones Farm Tenant Act, as approved July 22, 1937, or as amended;

(*c*) Public Law 563, 79th Congress, approved July 30, 1946.

(iii) Loans, or the administration of loans, made by the Farm Security Administration or Resettlement Administration to individuals for the acquisition, improvement, or development of farm real estate from funds made available for Rural Rehabilitation purposes, excluding State Rural Rehabilitation Corporation assets.

NOTE I: Real estate transferable under paragraph (c) (5) of this section, ordinarily is referred to as: (1) Farms purchased by borrowers with Title I funds; (2) Repossessed farms acquired through foreclosure which have been resold to eligible borrowers in the Farm Ownership program; (3) Farms securing Farm Development loans (Farm and Home Improvement, Special Real Estate, or Farm Development loans) except when such loans represent State Rural Rehabilitation Corporation trust fund assets, or when a subsequent Farm Ownership loan is required by the transferee in connection with the transfer; and (4) Project liquidation farms sold pursuant to Title I or sold not pursuant to Title I except when the farm represents in whole or in part State Rural Rehabilitation Corporation trust fund assets, or where a subsequent Farm Ownership loan is required by the Transferee in connection with the transfer and the farm was purchased and developed with Loans, Grants and Rural Rehabilitation (formerly referred to as "LG & RR") funds and was not sold pursuant to Title I.

NOTE II: Real estate not transferable under paragraph (c) (5) of this section, includes: (1) Farms subject to mortgages or deeds of trust assigned to the Government by Defense Relocation Corporations, Land Leasing and Land Purchasing Associations and other similar corporations and associations; (2) real estate subject to mortgages or deeds of trust insured by the Farmers Home Administration, prior to assignment thereof to the Secretary of Agriculture in accordance with section 13 of the Bankhead-Jones Farm Tenant Act, as amended; (3) farms which secure obligations incurred pursuant to the Water Facilities Act of August 28, 1937; (4) surplus lands sold on credit and secured by mortgages or deeds of trust; (5) subsistence units sold on credit in connection with the liquidation of projects; and (6) units subject to outstanding lease and purchase contracts.

(d) *General policies relating to farm transfers*—(1) *Elements of transfers hereunder.* (i) Fundamentally, the transfer of a farm under this section consists of:

(*a*) A conveyance thereof by the transferors to the transferees, with the consent of the Farmers Home Administration and subject to the mortgages or deeds of trust held by the Farmers Home Administration.

(*b*) The simultaneous assumption by the transferees of personal liability for payment of the entire or an agreed amount of the transferors' outstanding indebtedness to which the farm is subject.

(*c*) The release of the transferors from further personal liability with respect to the outstanding indebtedness on terms not more favorable than those recommended by the County Committee.

(ii) The transfer of a farm will be accomplished in the following manner:

(*a*) Conveyance of the farm to the transferees will be by warranty deed, executed by the transferors at the time arranged for closing, on a form prepared by or under the supervision of a Representative of the Office of the Solicitor. However, if the transferors acquired their title by quitclaim deed from the Farmers Home Administration or its predecessors, a special warranty deed will be used, warranting against title defects arising subsequent to acquisition of the property by the transferors.

(*b*) Form FHA-97, "Agreement for Assumption of Indebtedness," will be executed by the transferees at the time arranged for closing to evidence the obligations assumed by them and will be executed by the State Director as consent of the Farmers Home Administration to the transaction.

(c) After conveyance of the farm and assumption of liability by the transferees, Form FHA–437, "Release from Personal Liability," will be executed by the State Director and delivered to the transferors. The notes, bonds, or other instruments evidencing the transferors' obligations will not be surrendered except in cases in which a new note and mortgage are executed by the transferees covering the obligations assumed.

(2) *Amount of secured indebtedness to be assumed.* In all cases, the transferees will assume personal liability for payment to the Farmers Home Administration of such portion of the transferors' outstanding indebtedness as does not exceed the value of the property being transferred, based upon its normal earning capacity and the County Committee's recertification. (Paragraph (f) (7) (iv) of this section.)

(3) *Assumption of less than full amount outstanding.* If the amount of the outstanding indebtedness exceeds the value of the property to be transferred, the transfer will involve financial loss to the Government. In such a case, if the transferees are to assume liability for obligations incurred by the transferors at three percent and also liability for obligations incurred by the transferors at three and one-half percent, the loss to the Government will be sustained first on the obligations incurred by the transferors at three percent.

(4) The transferees will pay interest on the total amount of the indebtedness, including both unpaid principal and accrued interest, assumed by them at the same rate charged the transferors under the transferors' agreements with the Government.

(5) *Transfer involving payment for transferors' equity.* If the value of a farm exceeds the amount of the outstanding indebtedness owing to the Farmers Home Administration, a transfer may be approved for a consideration consisting of assumption by the transferees of liability for the payment of the full amount of the outstanding secured indebtedness, plus payment by the transferees to the transferors of such an amount as they may agree, with the approval of the State Director, represents the value of the transferors' interest in the farm.

(i) Settlement in full of the transferors' equity, in the amount approved by the State Director, should be made by the transferees at the time title to the property is transferred. In no case, should payment be made prior thereto. If the amount of the equity depends in part on growing crops and if circumstances require, arrangements for payment of that part of the equity, which represents such growing crops, out of proceeds to be received by the transferees from the crops, may be approved by the State Director provided: (*a*) No lien against the real estate will result and (*b*) the arrangements will not interfere with the transferees' ability to discharge currently the obligations which they are to assume, including the making of a full annual payment on the date established for payment of the transferees' first installment. An equity payment to the transferors shall not take precedence over regular annual payments on the indebtedness.

(ii) The transferors and transferees must make full disclosure, for consideration by the State Director, of all agreements and understandings, written or otherwise, which they may have with respect to an equity payment.

(iii) The amount of the equity payment will not exceed the difference between the amount of the outstanding indebtedness and the value of the real estate which is to be transferred. The value of the real estate to be transferred will be deemed to be equal to the reasonable value of the farm which is to be acquired by the transferees (including contemplated improvements) as recertified by the County Committee, less all contemplated expenses of enlargement and improvement to be incurred by the transferees. If any Title I loan funds remaining in the transferors' supervised bank account are to be transferred with the farm (see paragraph (e) (2) of this section), the amount thereof will be deducted from the expenses mentioned.

(iv) Payment for the equity will be made by the transferees either with personal unborrowed funds or with the proceeds of a subsequent Farm Ownership loan, or both, provided that the portion of the equity which represents the value of growing crops will not be paid from Title I loan funds.

(v) All debts owing by the transferors to the Farmers Home Administration should be satisfied before or in connection with receipt by the transferors of any equity payment.

(6) *Transferees' payment period.* In connection with each assumption agreement required in the case, obligations assumed by transferees must be retired within the period of time provided in the notes, bonds, or agreements executed by the transferors in connection with their obligations, unless the County Committee recommends that a longer payment period be established for the transferees and the State Director determines that such action is necessary. However, in no case will the State Director approve a payment period for the transferees which exceeds either the shortest period which he determines to be necessary or a period of forty years from the date the transferees assume liability.

(7) *Transferees' installments.* In connection with each assumption agreement required in the case, the transferees' first installment will be made payable on the date when an installment next will become due under the instruments executed by the transferors. The payment schedule established in the agreement will provide as accurately as possible for retirement of the assumed indebtedness through payment by the transferees of equal annual installments. However, if the transferees will not have been in possession of the farm for a full crop year prior to the date established for first payment, will not receive the benefits of the crop grown during such year, and will not have other funds with which to pay a full annual installment (calculated on the basis of the number of all installments to be paid), the State Director may approve a first installment in such an amount as he determines the transferees will be able to pay.

(e) *Other matters affecting preliminary arrangements and closings*—(1) *Preventive measures.* It will be the responsibility of the County Supervisor to assist Farm Ownership borrowers to overcome problems which might cause them to give up their farms because of discouragement, dissatisfaction, or similar causes. In so doing, the County Supervisor should proceed with the knowledge and advice of the District Supervisor. He should seek the advice of the members of the County Committee and enlist their assistance. The processing of a transfer docket should be resorted to only after the combined efforts of the County Supervisor and the County Committee fail to develop a satisfactory solution.

(2) *Disposition of loan funds unexpended by transferors.* Any Farm Ownership loan funds remaining in the supervised bank account of the transferors, to the extent necessary to cover approved expenditures, may be transferred to a supervised bank account established for the transferees. Any other Farm Ownership loan funds remaining in the transferors' supervised account shall be returned as a refund on the transferors' indebtedness prior to any request made of the Area Finance Office for a current statement of the transferors' Farm Ownership loan account.

(3) *Loan funds obligated for transferors.* If funds have been obligated in favor of the transferors for deferred construction or other authorized purposes, the obligation must be canceled. If necessary, a subsequent Farm Ownership loan may be processed in favor of the transferees to complete planned development. Withdrawing any funds obligated for the transferors, for the purpose of making them available to the transferees, is prohibited.

(4) *Taxes.* Payment of taxes for the year in which the transfer takes place should be considered by the transferors and transferees in making preliminary arrangement regarding terms of the transfer. Any agreement for proration thereof should be noted in the records pertaining to the transfer.

(5) *Property insurance.* Generally, it will be to the advantage of both transferors and transferees if arrangements can be made whereunder, upon conveyance of the property, any unexpired policy of property insurance will be assigned (with the consent of the insurer) to the transferees, and the cost of any prepaid insurance premiums will be shared fairly. If an agreement is reached to prorate the prepaid premiums, the arrangements should provide for a cash payment by the transferees from personal funds to the transferors in the agreed amount in connection with closing. However, if the transfer is being accomplished at a loss to the Government, the arrangements should provide for payment of the agreed amount, through the transferors, to the Government in reduction of the loss. If the premiums were prepaid by the transferors with a direct loan made by the Government, the arrangements should provide for payment on that loan. Payment by

the transferees to the transferors of an agreed amount for assignment of the unexpired property insurance policy, does not constitute a cost of farm acquisition, enlargement, or improvement, and the amount thereof will not be paid from Farm Ownership loan funds.

(6) *Rent.* If the property has been vacated by the transferors and is rented at the time of the transfer, preliminary arrangements between the transferors and transferees should take into consideration the benefits of rent for the rental period during which the transfer is to take place. Any understanding between them with respect to sharing such benefits should be noted in the transfer records.

(7) *Title defects.* A supplementary title examination will be required to establish that no liens have attached to the property subsequent to recording of the security instruments held by the Farmers Home Administration which secure payment of the obligations being assumed by the transferees. Prior to conveyance, the transferors must remove any title defects which are uncovered, so that a clear title may be conveyed to the transferees, subject only to the security instruments which secure the obligations being assumed.

(8) *Transfer expenses.* The transfer of a farm which does not require enlargement ordinarily will involve expenses for the purpose enumerated below. Such expenses should be paid by the transferors, either from personal funds or from any remaining part of the service fee in the transferors' supervised bank account. If circumstances require, they may be paid by the transferees either from personal funds or from a service fee if one is included in a subsequent loan to the transferees. Transfer expenses ordinarily include:

(i) Supplementary title examination.

(ii) Revenue stamps on the deed if a substantial equity is conveyed.

(iii) Public records search for personal charges against the transferees.

(iv) Recordation of transfer deed.

(9) *Title insurance.* A new policy of mortgagee's title insurance need not be obtained with respect to the land covered by the security instrument held by the Farmers Home Administration unless the circumstances require execution of a new mortgage by the transferees and the representative of the Office of the Solicitor advises that the original policy thereupon lapses. The advantages of an owner's policy should be explained to the transferees, but they should be permitted to elect whether they will procure a new one, or pay from personal funds the title company's charges for effecting an assignment of the transferor's owner's policy or dispense with owner's title insurance. If the farm being transferred is to be enlarged, title clearance on the new tract will be effected.

(f) *Preparation of transfer docket in county office*—(1) *Preliminary arrangements between transferors and transferees.* The transferors and transferees, in collaboration with the County Supervisor, should reach preliminary understandings as to the material terms under which they desire to consummate the transfer, taking into consideration Farmers Home Administration policies applicable to farm transfers. When preliminary arrangements, satisfactory to them and consistent with such policies, have been agreed upon, their proposed transaction will be referred to the County Committee for certification and recommendations.

(2) *Tentative transfer date.* In selecting a tentative date for transfer, reasonable allowance must be made for all foreseeable time requirements, such as time required by the County Committee for its deliberations, procurement of a current statement of account, completion of the docket, consideration by the District Supervisor, processing in the State Office, preparation of closing instructions, title clearance, and compliance with closing instructions.

(3) *Computation of transferor's outstanding indebtedness.* When Farm Ownership loan funds are to be returned for application on the transferor's Farm Ownership loan account or repayments are being made by the transferor on his Farm Ownership loan in connection with the transfer, such funds will be scheduled to the Area Finance Office before a request is made for a current statement of the transferor's Farm Ownership loan account. The County Supervisor will advise the Area Finance Manager of the impending transfer and request that a current detailed statement of the transferor's Farm Ownership loan account be furnished him in an original and one copy. The County Supervisor will inform the Area Finance Manager of any repayments in transit, giving the receipt numbers, dates, and amounts. In addition, he will give the receipt numbers, dates, and amounts covering any other repayments made on the transferor's Farm Ownership loan account within the past sixty days. The Area Finance Office will prepare a statement of the transferor's account on Form FHA–835, "Certified Statement of Account," showing separately the date and amount of each advance. The amount of unpaid principal, accrued interest, and daily interest accrual may be shown by totals for advances which bear the same interest rate and have the same maturing date. The statement then will be certified as to accuracy. The County Committee will be informed of the total amount of the unpaid principal and the amount of interest that will be accrued on the transferor's Farm Ownership loan as of the proposed date of transfer. The amount of such accrued interest will be computed by adding to the accrued interest shown in the statement the accrued amount from the date of the statement to the proposed date of the transfer, using the daily interest accrual figures furnished by the Area Finance Office.

(4) *Computation of equity.* If the transferors and transferees believe that the value of the property to be transferred exceeds the amount of the outstanding debt, Form FHA–511, "Computation of Equity in TP or FE Farm," will be used by the parties with the assistance of the County Supervisor, in computing the value of the transferors' equity. The amount computed will be reviewed by the County Committee, and its recommendations as to the value of the transferors' equity will be entered on Form FHA–511. (In item 11, of Form FHA–511, reference will be made to three percent or three and one-half percent, whichever is applicable.)

(5) *Earning-capacity reports.* The County Committee may request that a current earning-capacity report be prepared for consideration in connection with any other transfer case when one is not available or when they deem it to be necessary. In transfer cases when a current earning-capacity report is not required or requested, the County Supervisor will review the operating records of the farm for the years it has been in the Farm Ownership program and prepare a brief operating history to supplement the original earning-capacity report for use by the County Committee. Abnormal weather or crop conditions, the quality of the transferors' operations, and any other prevailing significant circumstances will be indicated in the history report. However, a current earning-capacity report must be prepared in connection with all proposed farm transfers which involve:

(i) A loss to the Government, unless there is available an earning-capacity report which was prepared within one year prior to recertification of the farm by the County Committee, and there have been no significant physical changes in the farm subsequent to preparation of the report.

(ii) A subsequent loan to the transferees for authorized purposes, unless the loan will be in the same amount and for the same purposes as were approved in the transferors' plans for farm development.

(6) *Review by County Committee.* The County Committee's deliberations will include, among other things:

(i) Ascertaining whether or not the transferees should assume liability for the full amount of the outstanding indebtedness, considering the amount of the debt calculated to the proposed date of transfer, and the amount and proposed disposition of any Farm Ownership loan funds unexpended by the transferors;

(ii) Personal examination of the farm, and review of earning-capacity reports, operating records, and farm-development plans.

(iii) Investigation of the eligibility and credit resources of the transferees.

(iv) Consideration of matters pertinent to releasing the transferors in full from personal liability.

(7) *Certification of applicant and farm by County Committee.* If the County Committee desires to recommend transfer of the farm, it will certify with respect to the transferees and the farm on Form FHA–499, "Recertification by County FHA Committee." Form FHA–499 will be completed as follows:

(i) The legal description of the complete farm proposed for acquisition and development by the transferees will appear in item 5. Thus, if the farm proposed for transfer is to be enlarged, the farm, with respect to which the certification is made, will include land in addition to that which secures payment of the transferors' indebtedness.

(ii) The amount which the County Committee finds to be the fair and reasonable value of the farm described in item 5, based on its normal earning capacity after contemplated improvements are made, will be entered in item 6.

(iii) Items 7 and 9 will be stricken if no subsequent Farm Ownership loan to the transferees is involved.

(iv) The County Committee's recommendation as to the amount of the outstanding indebtedness which should be assumed by the transferees will be entered in item 8. If assumption of liability for the full amount outstanding is recommended, the word, "all," should be inserted; otherwise, the amount recommended should be entered.

(*a*) If the transfer involves an equity payment to the transferors, the transferees must assume liability for the full amount of the outstanding indebtedness.

(*b*) If no equity payment to the transferors is involved, the transferees will be expected to assume liability for an amount equal to the value of the farm (described in item 5) as certified in item 6, less all expenses of enlargement and development to be incurred by the transferees except such expenses as will be paid from any Farm Ownership loan funds remaining in the transferors' supervised bank account which are approved for transfer with the farm.

(v) If the County Committee believes that the transferees cannot be expected reasonably to retire the obligations to be assumed within the period of time remaining under the transferors existing agreements with the Government, the County Committee will recommend the shortest period of time following consummation of the transfer in which the transferees can be expected to retire the obligations. In such cases, there will be added immediately after the semicolon in line 4 of item 8, the following: "and that such assumed obligations be retired within ____ years after conveyance." The repayment period recommended for the transferees will be entered in the blank. The County Committee will supply a written statement mentioning the factors which, in the County Committee's opinion, necessitate extension of the repayment period.

(8) *County Committee's recommendation and certification regarding release of transferors.* In connection with all transfers recommended by the County Committee under this Section, the County Committee also must recommend terms for release of the transferors from personal liability upon closing of the transaction. Such recommendations and certifications will be made in a separate signed statement or signed rider which will be attached to Form FHA–499. A transfer at a loss to the Government cannot be approved, and should not be recommended by the County Committee under this Section if the County Comittee feels that a certification as to the good faith of the transferors is unwarranted.

(9) *Review by District Supervisor.* After assembly of the docket in the County Office, the District Supervisor will review the case in full and will prepare and insert in the docket his written recommendations with respect to the proposed transaction. If the District Supervisor recommends the transfer, the original docket will be transmitted to the State Director, and the copy of the docket will be retained in the County Office.

(g) *Approval and closing of transfers*—(1) *Formal determinations and approval by State Director.* The State Director will review the docket and other material pertaining to the case and will ascertain whether the transfer should be approved or disapproved. In connection with approval, the State Director will designate as the date on which conveyance of the farm will take place, either the date proposed in the county, or a later date if such action is deemed necessary. The date selected also will be the date on which the transferees will assume personal liability and the transferors will be released therefrom. If he approves the transfer, he will prepare Form FHA–97, "Agreement for Assumption of Indebtedness," and Form FHA–437, "Release from Personal Liability." If a subsequent loan to the transferee in connection with the transfer is involved, the State Director will sign the original and copy of Form FHA–668, "Loan Agreement and Request for Funds." He will transmit the signed copy to the Area Finance Office with a request that funds be obligated in the amount of the subsequent loan. He will prepare also a memorandum to the appropriate Representative of the Office of the Solicitor in an original and one signed copy. The signed copy will be made a part of the State Office records. The memorandum will include:

(i) A full statement of the terms and conditions under which transfer of the farm is to be consummated, including the date assigned by the State Director for conveyance of the property, terms governing release of the transferors from personal liability, and terms approved for payment of equity, if any.

(ii) A statement of the State Director's determination as to the eligibility of the transferees, including their inability to obtain credit.

(iii) Mention of any differences between the transaction approved by the State Director and the transaction as proposed by the county office.

(iv) A request for preparation of necessary legal instruments and closing instructions for use by the County Supervisor.

(2) *Transmittal for legal action.* If a subsequent loan is involved, the State Director will remove the original of Form FHA–499 and place it in the subsequent loan docket. He then will transmit the transfer docket (and subsequent loan docket if one is involved) to the Representative of the Office of the Solicitor. The State Director also will transmit the prepared assumption and release forms and the originals or copies of all documents pertinent to the transfer which are in the custody of the Farmers Home Administration (such as security instruments, notes or bonds, variable payment and other agreements, and title insurance policies).

(3) *Legal review and closing instructions.* After receipt of the memorandum and necessary material pertaining thereto, if the Representative of the Office of the Solicitor approves the proposed transaction as to legality, he will prepare closing instructions, and such legal documents as will be required in connection with closing, except those which the closing instructions may indicate are to be prepared by a local attorney, if one is to supervise the closing, and forward them to the County Supervisor. The subsequent loan docket, if one is involved, and a copy of the closing instructions will be returned by the representative of the Office of the Solicitor to the State Director. The other material pertaining to the case which was supplied by the State Director but which will not be needed in the County Office in connection with the closing instructions either will be returned to the State Director, or, pending closing, be retained by the representative of the Office of the Solicitor.

(i) In all states, except in Louisiana, the transferees will not be required to execute a mortgage or other security instrument to secure the obligations assumed by them. However, in particularly complicated cases, a promissory note, bond, mortgage, or variable-payment agreement may be required in addition to Form FHA–97, "Agreement for Assumption of Indebtedness."

(ii) In Louisiana, the transferees will execute a new mortgage, which will be effective simultaneously with the deed of conveyance, as security for the obligations assumed under the assumption agreement. The transferees also will execute such supplementary evidences of debt as may be necessary for proper identification of the debt with the new mortgage. Separate mortgages will be necessary to secure obligations bearing different interest rates.

(4) *Closing transfer.* The County Supervisor will proceed with closing the transfer and the subsequent loan, if one is involved in the transfer, in accordance with the closing instructions transmitted to him by the representative of the Office of the Solicitor. When the transferees have signed the original and one copy of Form FHA–97, the deed of conveyance has been filed for record, and the closing instructions otherwise fulfilled, he will transmit to the representative of the Office of the Solicitor information and documents pertinent to the closing as required by the closing instructions. If the representative of the Office of the Solicitor finds that the requirements of the transfer have been satisfied properly, he will so certify to the State Director. The State Director then will execute, on behalf of the Government, the original and one copy of Form FHA–97 and Form FHA–437. The State Director will conform the unsigned copies of Form FHA–97 and all copies of Form FHA–437. He will certify one copy of Form FHA–437. Execution of Form FHA–97 will constitute the State Director's formal approval of the transaction. The original and one copy of the release then will be transmitted to the County Supervisor. The original will be delivered to the transferors. The State Director will transmit to the Area Finance Office the original, one signed copy, and one conformed copy

of Form FHA–97, and the certified and one conformed copy of Form FHA–437. The Area Finance Manager will assign a case number to the transferee and insert it in the appropriate spaces on the original and copies of Form FHA–97. The conformed copy of Form FHA–97 then will be returned to the State Director. The State Director will transcribe the case number to all documents in his possession pertaining to the transferee. He then will forward two copies of Form FHA–97 to the County Supervisor. The County Supervisor will retain one copy and deliver one copy to the transferee.

(5) *Completion of records.* Receipt from the State Director of Form FHA–97 and Form FHA–437 by the Area Finance Manager will constitute his authority for closing the account of the transferors and establishing an account for the transferees. The signed copy of Form FHA–97 and the certified copy of Form FHA–437 should be transmitted through channels to the General Accounting Office, Contract Examining Section, Washington 25, D. C., accompanied by a letter of transmittal explaining that Form FHA–97 is being furnished as a contract for the transferees in lieu of the customary form of loan agreement and request for funds, and that the release constitutes the full release of the transferors from personal liability, thereby canceling the loan agreement (or other document by which the transferors' account was established) on file in the General Accounting Office.

Subchapter J—Miscellaneous Farm Assistance

PART 390—FLOOD RESTORATION LOANS

Part 390, "Flood Restoration Loans" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Supp. 1944, Chapter III, Subchapter J), including §§ 390.1 to 390.7, inclusive (ibid.), is revoked.

(58 Stat. 836, 60 Stat. 1062; 12 U. S. C. Sup., 1150–1150c; Order, Sec. Agri., Jan. 20, 1945, 10 F. R. 807, Order, Sec. Agri., Oct. 14, 1946, 11 F. R. 12520, 7 CFR, Supp. 1946, 524)

[SEAL] DILLARD B. LASSETER,
Administrator,
Farmers Home Administration.

AUGUST 22, 1947.

Approved: September 4, 1947.

CHARLES F. BRANNAN,
Acting Secretary of Agriculture.

[F. R. Doc. 47–8298; Filed, Sept. 9, 1947; 8:50 a. m.]

TITLE 7—AGRICULTURE

Chapter IX—Production and Marketing Administration (Marketing Agreements and Orders)

PART 971—MILK IN DAYTON-SPRINGFIELD, OHIO MARKETING AREA

MISCELLANEOUS AMENDMENTS

§ 971.0 *Findings and determinations*—(a) *Findings upon the basis of the hearing record.* Pursuant to Public Act No. 10, 73d Congress (May 12, 1933), as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (hereinafter referred to as the "act"), and the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders (7 CFR, Supps. 900.1 et seq.; 11 F. R. 7737; 12 F. R. 1159, 4904), a public hearing was held on May 7–9, 1947, upon a proposed marketing agreement and to proposed amendments to the order, as amended, regulating the handling of milk in the Dayton-Springfield, Ohio, marketing area; and the decision was made, with respect to the amendments by the Secretary on August 29, 1947. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended and as hereby further amended, and all of the terms and conditions of said order, as amended and as hereby further amended, will tend to effectuate the declared policy of the act;

(2) The prices calculated to give milk produced for sale in said marketing area a purchasing power equivalent to the purchasing power of such milk as determined pursuant to sections 2 and 8 (e) of the act are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supplies of and demand for such milk, and the minimum prices specified in the order, as amended and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order, as amended and as hereby further amended, regulates the handling of milk in the same manner as, and is applicable only to the persons in the respective classes of industrial and commercial activity, specified in a marketing agreement upon which hearings have been held.

(4) The pro rata assessment on handlers at a rate not to exceed two cents per hundredweight with respect to receipts by the handler, during each delivery period, of milk from producers (including such handlers own production), and skim milk and butterfat from emergency and other sources classified as Class I and Class II milk, will provide the funds necessary for the maintenance and functions of the market administrator in the administration of this order and such assessment is hereby approved.

The foregoing findings are supplementary and in addition to the findings made in connection with the issuance of the aforesaid order and the findings made in connection with the issuance of each of the previously issued amendments thereto; and all of said previous findings are hereby ratified and affirmed except insofar as such findings may be in conflict with the findings set forth herein.

(b) *Additional findings.* It is necessary to make effective promptly the present amendments to the said order, as amended, to reflect current marketing conditions and to give producers immediately some assurance of a substantial seasonal increase in prices as an incentive to a needed increase in milk production during the fall and winter months of 1947–48. Any delay in the effective date of this order, as amended, and as hereby further amended, will seriously threaten the supply of milk for the Dayton-Springfield, Ohio, marketing area and, therefore, it is impracticable, unnecessary, and contrary to the public interest to delay the effective date of this order for 30 days after its publication (see sec. 4 (c), Administrative Procedure Act, Pub. Law 404, 79th Cong., 60 Stat. 237).

(c) *Determinations.* It is hereby determined that handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the milk covered by this order, as amended) of more than 50 percent of the volume of milk covered by this order, as amended and as hereby further amended, which is marketed within the Dayton-Springfield, Ohio, marketing area, refused or failed to sign the proposed marketing agreement regulating the handling of milk, in the said marketing area; and it is hereby further determined that:

(1) The refusal or failure of such handlers to sign said proposed marketing agreement tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order, amending the order as amended, is the only practical means, pursuant to the declared policy of the act, of advancing the interests of producers of milk which is produced for sale in the said marketing area; and

(3) The issuance of this order, further amending the aforesaid order, as amended, is approved or favored by at least two-thirds of the producers who, during the determined representative period (July, 1947), were engaged in the production of milk for sale in the said marketing area.

Order Relative to Handling

It is hereby ordered, That on and after the effective date hereof, the handling of milk in the Dayton-Springfield, Ohio, marketing area shall be in conformity to, and in compliance with, the terms and conditions of the aforesaid order, as amended and as hereby further amended; and the aforesaid order, as amended, is hereby further amended as follows:

1. Delete from § 971.2 (c) (7) the term "10th" an substitute therefor the term "12th".

2. Delete from § 971.3 (a) the term "5th" and substitute therefor the term "7th".

3. Delete from § 971.3 (b) (3) the term "20th" and substitute therefor the term "22d".

4. Delete from § 971.4 (b) (2) the phrase "; or (iii) as cottage cheese".

5. Add to 971.4 (b) (3) (i) after the term "condensed skim milk," the term "cottage cheese.".

6. At the end of 971.4 (b) (3) (iii) change the period to a colon and add thereafter the following:

Provided, That skim milk or butterfat transferred by a handler to any plant of another handler, without first having been weighed and tested in the transferring handler's plant, shall be included in the receipts at the plant of the

handler weighing and testing such skim milk or butterfat for the purpose of computing his plant shrinkage to be classified in Class III and shall be excluded from the receipts of the transferring handler for the purpose of computing his plant shrinkage to be classified in Class III.

7. Delete from § 971.4 (d) (1) (iii) the term "5th" and substitute therefor the term "7th".

8. Delete from § 971.4 (d) (2) (iii) the term "5th" and substitute therefor the term "7th".

9. Delete from § 971.5 the provisions of paragraphs (b) and (c) and substitute therefor the following:

(b) *Class I milk prices.* The price to be paid by each handler f. o. b. his plant for that portion of skim milk or butterfat in milk received from producers and from associations of producers which is classified as Class I milk shall be computed as follows:

(1) Add to the basic formula price the following amount for the months indicated:

Month	*Amount*
April, May, June, and July	$0.75
All others	1.05

Provided, That if the sum so obtained for any of the months of September, October, November, and December 1947 is less than $4.69 an amount shall be added so that the sum obtained will equal $4.69: *Provided further,* That, if the sum so obtained for January 1948 is less than the sum obtained for December 1947 minus $0.44 an additional amount shall be added so that the sum obtained will equal the sum obtained for December 1947 minus $0.44; and if the sum so obtained for February 1948 is less than the sum obtained for January 1948 minus $0.44 an additional amount shall be added so that the sum obtained will equal the sum obtained for January 1948 minus $0.44.

(2) The price per hundredweight of Class I butterfat shall be the average wholesale price per pound of 92-score butter in the Chicago market, as reported by the Department of Agriculture during such month multiplied by 135.

(3) The price per hundredweight of Class I skim milk shall be computed by (i) multiplying the price for butterfat pursuant to subparagraph (2) of this paragraph by 0.035; (ii) subtracting such amount from the sum obtained in subparagraph (1) of this paragraph, (iii) dividing such net amount by 0.965; and (iv) rounding off to the nearest full cent.

(c) *Class II milk price.* The price to be paid by each handler f. o. b. his plant for that portion of skim milk or butterfat in milk received from producers and associations of producers which is classified as Class II milk shall be computed as follows:

(1) Add to the basic formula price the following amount for the months indicated:

Month	*Amount*
April, May, June, and July	$0.45
All others	0.75

Provided, That if the sum so obtained for any of the months of September, October, November and December, 1947 is less than $4.39 an amount shall be added so that the sum obtained will equal $4.39:

Provided further, That if the sum so obtained for January, 1948 is less than the sum obtained for December, 1947 minus $0.44 an additional amount shall be added so that the sum obtained will equal the sum obtained for December 1947 minus $0.44; and if the sum so obtained for February, 1948 is less than the sum obtained for January, 1948 minus $0.44 an additional amount shall be added so that the sum obtained will equal the sum obtained for January 1948 minus $0.44.

(2) The price per hundredweight of Class II butterfat shall be the average wholesale price per pound of 92-score butter in the Chicago market, as reported by the Department of Agriculture during such month multiplied by 130.

(3) The price of Class II skim milk shall be computed by (i) multiplying the price for butterfat pursuant to subparagraph (2) of this paragraph by 0.035; (ii) subtracting such amount from the sum obtained in subparagraph (1) of this paragraph; (iii) dividing such net amount by 0.965; and (iv) rounding off to the nearest full cent.

10. Delete § 971.5 (d) (1) and (2) and substitute therefor the following:

(1) The price per hundredweight of such skim milk shall be computed for the months of April, May, June and July by subtracting 5.5 cents from the average price per pound of nonfat dry milk solids and multiplying the result by 8.5; and for the months of January, February, March, August, September, October, November and December by subtracting 5.5 cents from the average price per pound of nonfat dry milk solids and multiplying the result by 8.5 and adding 20 cents. (The price per pound of nonfat dry milk solids to be used for each such month shall be the average of the carlot prices for nonfat dry milk solids, roller process for human consumption, delivered at Chicago, as reported by the Department of Agriculture for such month, including in such average the prices published for any fractional part of the previous month which were not available at the time of such average price determination for the previous month.)

(2) The price per hundredweight of such butterfat shall be computed for the months of April, May, June and July by multiplying the average wholesale price per pound of 92-score butter in the Chicago market, as reported by the Department of Agriculture during each such month, by 120; and for the months of January, February, March, August, September, October, November, and December by multiplying the average wholesale price per pound of 92-score butter in the Chicago market, as reported by the Department of Agriculture during each such month, by 125: *Provided,* That the price per hundredweight of butterfat made into butter shall be computed by multiplying the average wholesale price per pound of 92-score butter in the Chicago market, as reported by the Department of Agriculture during each such month by 120 and subtracting $3.60 from the result.

11. Delete from § 971.7 (b) the term "10th" and substitute therefor the term "12th".

12. Delete from § 971.7 (e) (2) the term "10th" and substitute therefor the term "12th".

13. Delete from § 971.8 (a) (1), (a) (2), (b) (1), (b) (2), (d), (e) (1), and (e) (2), the terms "15th", "14th", "25th", "24th", "12th", "14th", and "14th", respectively, and substitute therefor the terms "17th", "16th", "27th", "26th", "14th", "16th", and "16th", respectively.

14. Delete § 971.9 and substitute therefor the following:

§ 971.9 *Expense of administration.* As his pro rata share of the expense incurred pursuant to § 971.2 (c) (3), each handler shall pay to the market administrator, on or before the 14th day after the end of each month, 2 cents per hundredweight, or such lesser amount as the Secretary may from time to time prescribe, with respect to receipts during such month of:

(a) Milk from producers (including such handler's own production), and

(b) Skim milk and butterfat from emergency and other sources classified as Class I milk and Class II milk.

15. Delete the provisions of § 971.10 (a) and substitute therefor the following:

(a) *Deductions.* Except as set forth in paragraph (b) of this section, each handler shall deduct an amount not exceeding 5 cents per hundredweight, or such lesser amount as the Secretary from time to time may prescribe, from the payments made pursuant to § 971.8, with respect to all milk received by such handler during each month from producers (not including such handler's own production) and from association of producers, and shall pay such deductions to the market administrator on or before the 14th day after such month. Such moneys shall be used by the market administrator to verify weights, samples, and tests of such milk received by handlers and to provide such producers and associations of producers with market information, such services to be performed in whole or in part by the market administrator or by an agent engaged by him and responsible to him.

16. Delete from § 971.10 (b) the term "14th" and substitute therefor the term "16th".

(48 Stat. 31, 670, 675; 49 Stat. 750; 50 Stat. 246; 7 U. S. C. 601 et seq.; sec. 102 Reorg. Plan 1 of 1947, 12 F. R. 4534)

Issued at Washington, D. C., this 5th day of September 1947, to be effective on

and after the 10th day of September 1947.

[SEAL] CHARLES F. BRANNAN,
Acting Secretary of Agriculture.

[F. R. Doc. 47-8334; Filed, Sept. 9, 1947; 8:52 a. m.]

Chapter XIV—Production and Marketing Administration (School Lunch Program)

APPENDIX—APPORTIONMENT OF FOOD ASSISTANCE FUNDS PURSUANT TO NATIONAL SCHOOL LUNCH ACT

Pursuant to section 4 of the National School Lunch Act (60 Stat. 230), food assistance funds available for the fiscal year ending June 30, 1948, are apportioned among the several States as follows:

State	Total	State agency	Withheld for private schools
Alabama	$1,906,726	$1,871,742	$34,984
Arizona	280,580	270,167	10,413
Arkansas	1,248,030	1,224,118	23,912
California	1,708,733	1,708,733	
Colorado	378,607	349,553	29,054
Connecticut	388,992	388,992	
Delaware	69,035	59,585	9,450
District of Columbia	132,725	132,725	
Florida	764,071	741,316	22,755
Georgia	1,890,327	1,890,327	
Idaho	190,425	184,674	5,751
Illinois	1,841,051	1,841,051	
Indiana	1,055,508	1,055,508	
Iowa	742,019	668,029	73,990
Kansas	548,501	548,501	
Kentucky	1,602,020	1,602,020	
Louisiana	1,306,090	1,306,090	
Maine	297,592	257,237	40,355
Maryland	596,157	497,832	98,325
Massachusetts	1,030,630	823,186	207,444
Michigan	1,664,273	1,435,290	228,983
Minnesota	862,290	744,178	118,112
Mississippi	1,795,903	1,795,903	
Missouri	1,169,059	1,169,059	
Montana	155,554	143,852	11,702
Nebraska	393,808	356,647	37,161
Nevada	37,674	36,913	761
New Hampshire	165,363	165,363	
New Jersey	959,924	796,296	163,628
New Mexico	325,452	295,108	30,344
New York	2,472,655	2,472,655	
North Carolina	2,241,509	2,241,509	
North Dakota	210,001	193,030	16,971
Ohio	1,838,641	1,600,679	237,962
Oklahoma	987,733	987,733	
Oregon	302,539	302,539	
Pennsylvania	2,842,927	2,296,018	546,909
Rhode Island	185,988	185,988	
South Carolina	1,390,016	1,377,876	12,140
South Dakota	205,405	192,178	13,227
Tennessee	1,530,603	1,508,943	21,660
Texas	2,890,962	2,890,962	
Utah	261,593	258,366	3,227
Vermont	120,987	120,987	
Virginia	1,328,044	1,301,168	26,876
Washington	443,402	414,753	28,649
West Virginia	1,010,716	991,463	19,253
Wisconsin	942,173	745,756	196,417
Wyoming	86,987	86,987	
Alaska	11,353	11,353	
Hawaii	85,134	69,884	15,250
Puerto Rico	1,822,658	1,822,658	
Virgin Islands	30,855	30,855	
Total	48,750,000	46,464,335	2,285,665

(60 Stat. 230)

Dated: September 4, 1947.

[SEAL] CHARLES F. BRANNAN,
Acting Secretary of Agriculture.

[F. R. Doc. 47-8333; Filed, Sept. 9, 1947; 8:46 a. m.]

TITLE 8—ALIENS AND NATIONALITY

Chapter I—Immigration and Naturalization Service, Department of Justice

Subchapter B—Immigration Regulations

PART 126—ADMISSION OF ALIEN SPOUSES AND ALIEN MINOR CHILDREN OF CITIZEN MEMBERS OF THE UNITED STATES ARMED FORCES

ADMISSION OF SPOUSES INELIGIBLE TO CITIZENSHIP BECAUSE OF RACE

AUGUST 20, 1947.

The following amendments to Part 126, Chapter I, Title 8, Code of Federal Regulations are hereby prescribed.

The table of contents is amended by adding the numerical designation and headnote of the new section added herein.

The blanket citation of authority and of statutes interpreted and applied, which immediately precedes § 126.1, is amended to read as follows:

AUTHORITY: §§ 126.1 to 126.5, inclusive, issued under sec. 23, 39 Stat. 892, sec. 24, 43 Stat. 166, sec. 37 (a), 54 Stat. 675, sec. 1, 54 Stat. 1238; 8 U. S. C. 102, 222, 458, 5 U. S. C. 133t; 8 CFR 90.1. §§ 126.1 to 126.5, inclusive, interpret and apply secs. 1–6, 59 Stat. 659; 8 U. S. C., Sup., 232–236; Pub. Law 213, 80th Cong.

The following section is added:

§ 126.5 *Aliens ineligible to citizenship because of race.* Notwithstanding that provision of § 126.1 concerning an alien barred by section 13 (c) of the Immigration Act of 1924, an alien ineligible to citizenship because of race who is the spouse of a United States citizen who served in the armed forces of the United States during the Second World War and is still serving or has an honorable discharge certificate from service shall, if the marriage occurred at any time prior to August 21, 1947, be admissible to the United States under the provisions of this part and pursuant to the provisions of the act of December 28, 1945 (59 Stat. 659; 8 U. S. C., Sup., 232–236), as amended by the act of July 22, 1947 (Pub. Law 213, 80th Cong.).

This order shall become effective on the date of its publication in the FEDERAL REGISTER. The requirements of section 4 of the Administrative Procedure Act (60 Stat. 238; 5 U. S. C., Sup., 1003) relative to notice of proposed rule making and delayed effective date are inapplicable for the reason that the rule prescribed by this order is solely interpretative and for the further reason that no notice of or hearing on this rule is required by statute.

[SEAL] T. B. SHOEMAKER,
Acting Commissioner of Immigration and Naturalization.

Approved: September 2, 1947.

TOM C. CLARK,
Attorney General.

[F. R. Doc. 47-8303; Filed, Sept. 9, 1947; 8:46 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

PART 2—RULES OF PRACTICE

The Commission, on September 2, 1947, amended § 2.8 *Answers,* and § 2.22 *Trial examiner's recommended decision in adversary proceedings,* so that said rules of practice, Part 2—Rules of practice, shall read as follows, effective on date of publication thereof in the FEDERAL REGISTER.

Sec.
2.1 The Commission.
2.2 The Secretary.
2.3 Investigational hearings.
2.4 Applications for complaint.
2.5 Complaints.
2.6 Service.
2.7 Appearance.
2.8 Answers.
2.9 Intervention.
2.10 Motions.
2.11 Continuances and extensions of time.
2.12 Documents.
2.13 Admission as to facts and documents.
2.14 Trial examiners.
2.15 Hearings in adversary proceedings.
2.16 Subpoenas.
2.17 Witnesses and fees.
2.18 Evidence.
2.19 Depositions.
2.20 Appeals to the Commission from rulings of trial examiners.
2.21 Proposed findings and conclusions before trial examiner.
2.22 Trial examiner's recommended decision in adversary proceedings.
2.23 Exceptions.
2.24 Briefs and oral arguments before the Commission.
2.25 Comission's adjudication.
2.26 Reports showing compliance with orders and with stipulations.
2.27 Reopening of proceedings.
2.28 Trade practice conference procedure.
2.29 Public information.

AUTHORITY: §§ 2.1 to 2.29, inclusive, issued under sec. 6, 38 Stat. 721, 60 Stat. 237; 15 U. S. C. 46, 5 U. S. C., Sup., 1001 et seq.

NOTE: In §§ 2.1 to 2.29, inclusive, the numbers to the right of the decimal point correspond with the respective rule numbers (I to XXIX) in the rules of practice, Federal Trade Commission, of even date herewith.

§ 2.1 *The Commission*—(a) *Offices.* (1) The principal office of the Commission is at Washington, D. C.

(2) All communications to the Commission must be addressed to Federal Trade Commission, Washington 25, D. C., unless otherwise specifically directed.

(3) Branch offices are maintained at New York, Chicago, San Francisco, Seattle, and New Orleans.

(4) Their addresses are: Federal Trade Commission, Room 501, 45 Broadway, New York 6, N. Y.; Federal Trade Commission, 1118 New Post Office Building, 433 West Van Buren Street, Chicago 7, Ill.; Federal Trade Commission, Federal Office Building, Room 133, Civic Center, San Francisco 2, Calif.; Federal Trade Commission, 447 Federal Office Building, Seattle 4, Wash.; Federal Trade Commission, Room 652, Federal Office Building, 600 South Street, New Orleans 12, La.

(b) *Hours.* Offices are open on each business day from 8:30 a. m. to 5 p. m.

(c) *Sessions.* (1) The Commission may meet and exercise all its powers at any place, and may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

(2) Sessions of the Commission for hearings will be held as ordered by the Commission.

(3) Sessions of the Commission for the purpose of making orders and for transaction of other business unless otherwise ordered, will be held at the principal office of the Commission at Pennsylvania Avenue at Sixth Street, Washington, D. C., on each business day at 10 a. m.

(d) *Quorum.* A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(e) *Public information.* All requests, whether for information or otherwise, and submittals shall be addressed to the principal office of the Commission.

§ 2.2 *The Secretary.* The Secretary is the executive officer of the Commission and shall have the legal custody of its seal, papers, records and property; and all orders of the Commission shall be signed by the Secretary or such other person as may be authorized by the Commission.

§ 2.3 *Investigational hearings.* (a) Investigational hearings, as distinguished from formal hearings in adversary proceedings, shall be held only as ordered by the Commission and shall be held before the Commission, one or more of its members, or a duly designated representative for the purpose of hearing the testimony of witnesses and receiving documents and other data relating to subjects within the investigational jurisdiction of the Commission. Unless otherwise ordered by the Commission, such hearings shall be public. Hearings shall be stenographically reported and a transcript thereof shall be made which shall be a part of the record of the investigation.

(b) Every person required to attend and testify or submit documents or other data shall be entitled to retain or, on payment of lawfully prescribed costs, procure a copy or transcript of such person's testimony or documents produced.

§ 2.4 *Applications for complaint.* (a) Any person, partnership, corporation, or association may apply to the Commission to institute a proceeding in respect to any violation of law over which the Commission has jurisdiction.

(b) Such application for complaint shall be in writing, signed by or in behalf of the applicant, and shall contain a short and simple statement of the facts constituting the alleged violation of law and the name and address of the applicant and of the party complained of.

§ 2.5 *Complaints.* (a) Whenever the Commission shall have reason to believe that there is a violation of law over which the Commission has jurisdiction, and in case of violation of the Federal Trade Commission Act, if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, the Commission shall issue and serve upon the proper parties a complaint stating its charges and containing a notice of a hearing upon a day and at the place therein fixed, at least thirty (30) days after the service of said complaint.

(b) Upon request made within fifteen (15) days after service of the complaint, any party shall be afforded opportunity for the submission of facts, arguments, offers of settlement or proposals of adjustment where time, the nature of the proceeding and the public interest permit, and due consideration shall be given to the same. Such submission shall be in writing. The filing of such request shall not operate to delay the filing of the answer.

§ 2.6 *Service.* (a) Complaints, orders, and other processes of the Commission, and briefs in support of the complaint, will be served by the Secretary of the Commission by registered mail, except when service by other method shall be specifically ordered by the Commission, by registering and mailing a copy thereof addressed to the person, partnership, or corporation to be served at his or its principal office or place of business. When proceeding under the Federal Trade Commission Act service may also be made at the residence of the person, partnership, or corporation to be served.

(b) When service is not accomplished by registered mail, complaints, orders, or other processes of the Commission, and briefs in support of the complaint, may be served by anyone duly authorized by the Commission, or by any examiner of the Commission,

(1) By delivering a copy of the document to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or

(2) By leaving a copy thereof at the principal office or place of business of such person, partnership, or corporation. When proceeding under the Federal Trade Commission Act service may also be made at the residence of the person, partnership, or corporation to be served.

(c) The return post-office receipt for said complaint, order, or other process or brief registered and mailed as aforesaid, or the verified return by the person serving such complaint, order, or other process or brief, setting forth the manner of said service, shall be proof of the service of the document.

§ 2.7 *Appearance.* (a) Any individual or member of a partnership which is a party to any proceeding before the Commission may appear for himself, or such partnership upon adequate identification, and a corporation or association may be represented by a bona fide officer of such corporation or association upon a showing of adequate authorization therefor.

(b) A party may also appear by an attorney at law possessing the requisite qualifications, as hereinafter set forth, to practice before the Commission.

(c) Attorneys at law who are admitted to practice before the Supreme Court of the United States, or the highest court of any State or Territory of the United States, or the United States Court of Appeals for the District of Columbia, or the District Court of the United States for the District of Columbia, may practice before the Commission.

(d) No register of attorneys who may practice before the Commission is maintained. No application for admission to practice before the Commission is required. A written notice of appearance on behalf of a specific party or parties in the particular proceeding should be submitted by attorneys desiring to appear for such specific party or parties, which notice shall contain a statement that the attorney is eligible under the provisions of this section. Any attorney practicing before the Commission or desiring so to practice may, for good cause shown, be disbarred or suspended from practicing before the Commission, but only after he has been afforded an opportunity to be heard in the matter.

(e) No former officer, examiner, attorney, clerk, or other former employee of this Commission shall appear as attorney or counsel for or represent any party in any proceeding resulting from any investigation, the files of which came to the personal attention of such former officer, examiner, attorney, clerk, or other former employee during the term of his service or employment with the Commission.

§ 2.8 *Answers.* (a) In case of desire to contest the proceeding the respondent shall, within twenty (20) days from the service of the complaint, file with the Commission an answer to the complaint. Such answer shall contain a concise statement of the facts which constitute the ground of defense. Respondent shall specifically admit or deny or explain each of the facts alleged in the complaint, unless respondent is without knowledge, in which case respondent shall so state.

(b) Ten (10) copies of answers shall be furnished. The original of all answers shall be signed in ink, by the respondent or by his attorney at law. Corporations or associations shall file answers through a bona fide officer or by an attorney at law. Answers shall show the office and post-office address of the signer.

(c) Failure of the respondent to file answer within the time above provided and failure to appear at the time and place fixed for hearing shall be deemed to authorize the Commission, without further notice to respondent, to proceed in regular course on the charges set forth in the complaint.

(d) If respondent desires to waive hearing on the allegations of fact set forth in the complaint and not to contest the facts, the answer may consist of a statement that respondent admits all the material allegations of fact charged in the complaint to be true. Such answer will constitute a waiver of any hearing as to the facts alleged in the complaint and the Commission may proceed to make its findings as to the facts and conclusions based upon such answer and enter its order disposing of the matter without any intervening procedure. The respondent may, however, reserve in such answer the right to other intervening procedure, including

a hearing upon proposed conclusions of fact or law, in which event he may, in accordance with § 2.24, file his brief directed solely to the questions reserved.

(e) Requests for leave to withdraw an answer and file a substitute or amended answer made prior to the appointment of a trial examiner shall be addressed to the Commission, and if made subsequent to such appointment shall be addressed to and ruled upon by the trial examiner subject to the provisions of § 2.20.

§ 2.9 *Intervention.* (a) So far as the responsible conduct of public business shall permit, any interested person, after leave granted, may appear before the Commission, or its delegated responsible officer, for the presentation, adjustment, or determination of any issue, request, or controversy in any proceeding or in connection with any function of the Commission.

(b) Any person, partnership, corporation, or association desiring to intervene in a contested proceeding shall make application in writing, setting out the grounds on which he or it claims to be interested.

(c) The Commission may, by order, permit intervention by counsel or in person to such extent and upon such terms as it shall deem proper.

§ 2.10 *Motions.* (a) Motions before the Commission or the trial examiner shall state briefly the purpose thereof and all supporting affidavits, records, and other papers, except such as have been previously filed, shall be filed with such motions and clearly referred to therein.

(b) Motions in any proceeding before a trial examiner which relate to the introduction or striking of evidence, to matters of procedure, or to any other matters coming within the scope of the trial examiner's authority shall be made to the trial examiner and shall be ruled on by him. All other motions in any proceeding, except as otherwise provided in these rules, shall be addressed to and shall be ruled on by the Commission, but in the case of motions to dismiss for alleged failure of proof based upon testimony taken before a trial examiner, the motion will be referred to the trial examiner for report and recommendation before a ruling is made by the Commission.

(c) Ten (10) copies of all written motions shall be filed with the Commission.

(d) Prompt notice shall be given of the granting or denial, in whole or in part, of any written application, petition, or other request of any interested person made in connection with any formal proceeding. Except in affirming a prior denial or where the denial is self-explanatory, such notice shall be accompanied by a simple statement of grounds.

§ 2.11 *Continuances and extensions of time.* (a) Except as otherwise expressly provided by law, the Commission, for cause shown, may extend any time limits prescribed in this part. A hearing before a trial examiner shall begin at the time and place ordered by the Commission, but thereafter the course of the hearing shall be regulated by the trial examiner subject to the provisions of § 2.20.

(b) Applications for continuances and extensions of time should be made prior to the expiration of time prescribed by this part.

§ 2.12 *Documents*—(a) *Filing.* All documents required to be filed with the Commission in any proceeding shall be filed with the Secretary of the Commission.

(b) *Title.* Documents shall clearly show the docket number and title of the proceeding.

(c) *Copies.* Documents, other than correspondence, shall be filed in triplicate, except as otherwise specifically required by this part.

(d) *Form.* (1) Documents not printed shall be typewritten, on one side of paper only; letter size, eight (8) inches by ten and one-half (10½) inches; left margin, one and one-half (1½) inches; right margin, one (1) inch.

(2) Documents may be printed, in ten (10) or twelve (12) point type, on good, unglazed paper, of the dimensions and with the margins above specified.

(3) Documents shall be bound at left side only.

(4) The originals of all answers, briefs, motions, and other documents shall be signed in ink, by the respondent or his duty authorized attorney. Where the respondent is an individual or a partnership, the originals of said documents shall be signed by said individual or by one of the partners, or by his or its attorney. Where the respondent is a corporation, the originals of said documents shall be signed under the corporate name by a duly authorized official of such corporation, or by its attorney. Where the respondent is an association, the originals of said documents shall be signed under the association name for said association by a duly authorized official of such association, or by its attorney.

(5) One copy of a brief or other document required to be printed shall be signed as the original.

§ 2.13 *Admission as to facts and documents.* (a) At any time after answer has been filed counsel or parties in any controversy may serve upon the opposing side a written request for the admission of the genuineness and authenticity of any relevant documents described in and exhibited with the request or the admission of the truth of any relevant matters of facts set forth in such documents.

(b) Copies of the documents shall be delivered with the request unless copies have already been furnished. Each of the matters on which an admission is so requested shall be deemed admitted unless, within a period designated within the request, not less than ten days after service thereof or within such further time as the Commission or the trial examiner may allow on motion and notice, the party so served serves upon the party making the request, a sworn statement either denying specifically the matters of which an admission is requested, or setting forth in detail the reasons why he can neither truthfully admit nor deny those matters. Service required hereunder may be made upon a respondent either by registering and mailing or by delivering a copy of the documents to be served to the respondent or his attorney, or by leaving a copy at the principal office or place of business of either. Service upon the attorney supporting the complaint may be either by registering and mailing or by delivering a copy of the documents to be served to such attorney.

§ 2.14 *Trial examiners.* (a) All hearings pursuant to formal complaints shall be presided over by the Commission, a member of the Commission, or by a trial examiner appointed by the Commission and duly qualified as an examiner or hearing officer within the meaning of the Administrative Procedure Act. So far as practicable trial examiners shall be assigned to cases in rotation.

(b) Subject to the published rules of the Commission and within its authority, officers presiding at hearings shall have the following powers and duties in all cases to which they are assigned by the Commission, to wit:

(1) To administer oaths and affirmations.

(2) To issue subpoenas authorized by law.

(3) To rule upon offers of proof and receive relevant evidence.

(4) To take or cause depositions to be taken whenever the ends of justice would be served thereby.

(5) To regulate the course of the hearings.

(6) To hold conferences for the settlement or simplification of the issues by consent of the parties.

(7) To dispose of procedural requests or similar matters.

(8) To make and submit to the Commission a recommended decision as provided by § 2.22.

(9) To certify questions to the Commission for its determination.

(10) To take any other action authorized by Commission rule consistent with the Administrative Procedure Act.

(c) Trial examiners shall perform no duties inconsistent with their duties and responsibilities as such. Save to the extent required for the disposition of ex parte matters as authorized by law, no trial examiner shall consult any person or party as to any fact in issue unless upon notice and opportunity for all parties to participate.

(d) Trial examiners shall not be responsible to, or subject to the supervision or direction of, any officer, employee, or agent engaged in the performance of investigative or prosecuting functions for the Commission.

(e) The trial examiner is charged with the duty of conducting a fair and impartial hearing and of maintaining order in form and manner consistent with the dignity of the Commission. He will note on the record any disregard by counsel of his rulings on matters of order and procedure and where he deems it necessary shall make special written report thereof to the Commission. In the event that counsel supporting the complaint or counsel for any respondent shall be guilty of disrespectful, disorderly, or contumacious language or conduct in connection with any hearing, the trial ex-

aminer may suspend the proceeding and submit to the Commission his report thereon, together with his recommendations as to whether any rule should be issued to show cause why such counsel should not be suspended or disbarred pursuant to Rule 2.7 or subject to other appropriate action in respect thereto. A copy of such trial examiner's report shall be furnished to any counsel upon whose language or conduct such report is made, and the Commission will take disciplinary action only after an opportunity for hearing has been accorded such counsel.

§ 2.15 *Hearings in adversary proceedings.* All hearings pursuant to formal complaint shall be public unless otherwise ordered by the Commission, and such hearings shall be subject to the following conditions and requirements:

(a) Every party respondent shall have the right of due notice, cross examination, presentation of evidence, objection, exception, motion, argument, appeal and all other fundamental rights.

(b) The taking of evidence and subsequent proceedings shall proceed with all reasonable diligence and with the least practicable delay.

(c) Not less than five (5) days notice of the time and place of any indefinitely postponed hearing shall be given to counsel of record or to parties, but in appointing such hearings due regard shall be had for the convenience and necessity of all parties or their representatives.

(d) The trial examiner may withdraw from a case when he deems himself disqualified, or he may be withdrawn by the Commission after timely affidavits alleging personal bias or other disqualification have been filed and the matter has been heard by the Commission or by a trial examiner whom it has delegated to investigate and report.

(e) Hearings shall be stenographically reported by the official reporter of the Commission under supervision of the presiding trial examiner. A transcript of said report shall be a part of the record and the sole official transcript of the proceedings. Transcripts will be supplied to respondents and to the public by the official reporter at rates not to exceed the maximum rates fixed by contract between the Commission and the reporter.

(f) Changes in the official transcript may be made only when they involve errors affecting substance and then only in the manner herein provided. No physical changes shall be made in or upon the official record or copies thereof in the custody of the Commission. Lists of changes agreed to in writing by opposing counsel may be incorporated into the record, if and when approved by the trial examiner, at the close of evidence in support of the complaint, or at the final hearing before the trial examiner, or at any time thereafter before he files his report, and at no other times. If any changes are ordered by the trial examiner without such written agreement between opposing counsel they shall be subject to objection and exception.

§ 2.16 *Subpoenas.* (a) Subpoenas requiring the attendance of witnesses or the production of documentary evidence from any place in the United States, at any designated place of hearing, may be issued by the presiding trial examiner or a member of the Commission. Application therefor may be made either to the presiding trial examiner or to the Commission.

(b) Application for subpoenas for the production of documentary evidence shall be made in writing to the presiding trial examiner or to the Commission. The application must have reasonable scope and specify as exactly as possible the documents desired, and show their general relevancy. The application shall be verified by oath or affirmation.

(c) An appeal may be taken to the Commission by the parties from the presiding trial examiner's denial of a motion to quash or refusal to issue a subpoena for the production of documentary evidence.

§ 2.17 *Witnesses and fees.* (a) Witnesses at formal hearings shall be examined orally. Witnesses summoned in support of the complaint shall be paid the same fees and mileage as are paid witnesses in the courts of the United States.

(b) Witnesses whose depositions are taken, and the persons taking such depositions, shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

(c) Witness fees and mileage, and fees for depositions, shall be paid by the party at whose instance witnesses appear.

§ 2.18 *Evidence*—(a) *In general.* Counsel supporting the complaint shall have the general burden of proof and the proponent of any factual proposition shall be required to sustain the burden of proof with reference thereto. The trial examiner, subject to appeal to the Commission as provided in § 2.20, shall admit relevant material and competent evidence, but shall exclude irrelevant, immaterial and unduly repetitious evidence.

(b) *Documentary.* Where relevant and material matter offered in evidence is embraced in a document containing other matter not material or relevant and not intended to be put in evidence, such immaterial or irrelevant parts shall be excluded, and shall be segregated insofar as practicable.

(c) *Official notice of facts.* Where any recommended decision of the trial examiner or any decision of the Commission, or part thereof, rests upon the taking of official notice of a material fact not appearing in the evidence in the record, any party shall, upon timely motion, be afforded an opportunity to show the contrary.

(d) *Objections.* Objections to evidence shall be in short form, stating the grounds relied upon, and the transcript shall not include argument or debate thereon except as ordered by the presiding officer. Rulings on such objections shall appear in the record.

§ 2.19 *Depositions.* (a) For good and exceptional cause the testimony of any witness may be taken in any case whether at issue or not, by deposition de bene esse or prior to the pendency of a case, according to the common usage in Chancery. Depositions may be taken orally or upon interrogatories before any person having power to administer oaths and who has been duly designated by the Commission or the presiding trial examiner.

(b) Unless notice be waived, no deposition shall be taken except after at least five (5) days' written notice to the parties within the United States and fifteen (15) days' notice when deposition is to be taken elsewhere.

(c) Any party desiring to take the deposition of a witness shall make application in writing to the Commission or the presiding trial examiner setting out the reasons why such deposition should be taken, the character of the deposition, the time when, the place where, and the name and post office address of the person before whom such deposition is to be taken, the name and post office address of each witness, and the subject matter concerning which the witness is expected to testify. If good and exceptional cause be shown, an order containing such instructions will be made and served upon the parties.

(d) Upon application granted, such deposition may be taken before a person having power to administer oaths other than the person designated in the notice, provided reasonable written notice of such change is given the opposing party. Each witness so testifying shall be duly sworn and the adverse party shall have the right to cross examine such witnesses. The questions propounded to the witnesses and the answers thereto shall be reduced to writing, and, in the presence of the officer taking the deposition, read to the witness and subscribed by the witness and certified in usual form by said officer. Thereafter the said officer shall forward said deposition with three copies thereof, in an envelope under seal, endorsed with the title of the case, and addressed to the Commission at its office in Washington, D. C. If in a pending case, such sealed deposition shall immediately be forwarded to the presiding trial examiner and at a time of hearing read in evidence subject to such objections to the questions and answers as were noted at the time of taking the deposition or as would be valid were the witness personally present at such hearing.

§ 2.20 *Appeals to the Commission from rulings of trial examiners.* (a) Except as provided for in § 2.16, parties shall not have the right to prosecute appeals from rulings of trial examiners during the course of hearings unless it be shown to the Commission that the prompt decision of such appeal is necessary to prevent unusual delay and expense.

(b) Motions for reconsideration and reversal of previous rulings may be made before the trial examiner at the termination of the reception of evidence. In such motions each exception shall be separately set out, with exact citations to each portion of the record involved and references to the principal authorities relied upon. The trial examiner shall rule upon each exception. An appeal may be taken to the Commission from

any adverse ruling on any such motion and the record relating thereto shall be certified to the Commission. Notice of such appeal shall be made on the record when the rulings are made and thereupon the trial examiner shall fix a time, not exceeding fifteen (15) days unless the necessity for further time shall clearly appear, for filing the appeal and a like time for filing the answer. Pending Commission decision and action upon such appeal the case shall remain open. Any such matters not thus laid before the Commission shall be deemed waived.

§ 2.21 *Proposed findings and conclusions before trial examiner.* (a) At the close of the reception of evidence before the trial examiner in all formal proceedings, or within a reasonable time thereafter to be fixed by the trial examiner, parties may file for consideration by the trial examiner their proposed findings and conclusions, together with their reasons therefor. Such proposals shall be in writing and shall contain exact references to the record and authorities relied on. Copies thereof shall be furnished all parties, and three copies, including the signed original, shall be filed with the Commission.

(b) Oral argument may be allowed at the discretion of the trial examiner. The record shall show the ruling on each such proposal. Exceptions to such rulings shall be subject to appeal under § 2.23 only.

§ 2.22 *Trial examiner's recommended decision in adversary proceedings.* (a) The trial examiner, as soon as practicable and within thirty (30) days after receipt of the complete transcript and all exhibits in adversary proceedings, shall make and file a recommended decision which shall become a part of the record and include a statement of (1) findings and conclusions, as well as the reasons or basis therefor, upon all the material issues of fact, law, or discretion presented on the record; and (2) an appropriate order.

(b) In cases in which the issues of fact are to be determined upon complaint and admission answer or stipulation of facts, no recommended decision will be made if waived by respondent, but in any case where evidence has been taken and must be considered in the decision thereof, a recommended decision will be made regardless of any waiver by the parties.

(c) Except where he shall have become unavailable to the Commission, the recommended decision shall be made by the trial examiner who presided at the hearing.

(d) No officer, employee or agent, engaged in the performance of investigative or prosecuting functions for the Commission, and no party respondent or his agent or counsel in any case shall, in that or a factually related case, participate or advise in the recommended decision of the trial examiner, except as a witness or as counsel in public proceedings.

(e) All findings, conclusions and orders recommended by the trial examiner shall be based upon the whole record and supported by reliable, probative and substantial evidence (including facts of which he may take official notice). No findings shall be recommended except such as he deems supported by the greater weight of the evidence.

(f) At any time prior to the filing of his recommended decision the trial examiner may, for good cause shown, reopen the case for the reception of further evidence.

(g) A copy of the trial examiner's recommended decision shall be served upon each party, counsel or other representative, who has appeared pursuant to § 2.7.

§ 2.23 *Exceptions.* (a) Any party may, within ten (10) days after receipt of a copy of the trial examiner's recommended decision, file with the Commission exceptions to any part thereof and to the trial examiner's failure to include proposed findings and conclusions requested under § 2.21. Each exception shall specify the portions of the record and the authorities relied on to sustain each point.

(b) Ten (10) copies of the exceptions shall be filed. All exceptions and rulings thereon shall become part of the record.

(c) A copy of such exceptions shall forthwith be furnished the trial examiner and a copy served upon each of the parties and counsel who were served with a copy of the trial examiner's recommended decision.

(d) If exceptions are to be argued, they shall be argued at the time of final argument upon the merits, except as otherwise provided in § 2.20.

§ 2.24 *Briefs and oral arguments before the Commission*—(a) *Questions for presentation.* Questions which may be presented for consideration and decision by the Commission on final hearing include the following:

(1) Whether the findings and conclusions recommended by the trial examiner are relevant and material to the issues and are supported by reliable, probative, and substantial evidence and by the greater weight of the evidence;

(2) Whether additional findings and conclusions, not recommended by the trial examiner, should be made either with or without sending the case back to the trial examiner for the reception of further evidence;

(3) Whether the trial examiner was justified in having taken official notice of any fact and whether the Commission should take official notice of any other fact;

(4) Whether due process was observed and whether there was any prejudicial irregularity in procedure;

(5) Whether the facts show a violation of law amenable to redress by the Commission and what conclusions of law are justified and requisite in the premises; and

(6) Whether an order to cease and desist, an order of dismissal, or other order, should be entered and issued, and the substance and form thereof.

(b) *Briefs*—(1) *Filing.* (i) Any party to a proceeding may file a brief in support of his contentions within the time limits fixed by this part.

(ii) Briefs not filed on or before the time fixed in the rules will be received only by special permission of the Commission.

(2) *Time.* (i) Opening brief shall be filed by the attorney supporting the complaint within twenty (20) days after service upon him of a copy of the recommended decision of the trial examiner.

(ii) Brief on behalf of respondent shall be filed within twenty (20) days after service upon respondent or respondent's attorney of copy of brief in support of the complaint.

(iii) Where respondent shall have filed an answer admitting all material allegations of fact, the time so limited shall begin to run at the time of filing such answer.

(iv) In the event permission is granted for filing reply brief in support of the complaint, it shall be filed within ten (10) days after filing of brief on behalf of respondent. No further brief on behalf of respondent shall be filed.

(3) *Number.* Twenty (20) copies of each brief shall be filed.

(4) *Contents.* (i) Briefs, except the reply brief in support of the complaint, shall contain, in the following order:

(*a*) A concise abstract or statement of the case.

(*b*) A brief of the argument, exhibiting a clear statement of the points of fact or law to be discussed, with references to the pages of the record and the authorities relied upon in support of each point.

(ii) The exceptions, if any, to the recommended decision of the trial examiner may also be included in the brief.

(5) *Index.* Briefs comprising more than ten (10) pages shall contain on their top fly leaves a subject index with page references. The subject index shall be supplemented by an alphabetical list of all cases referred to, with references to pages where references are cited.

(6) *Form.* Briefs shall be printed, multigraphed or otherwise neatly processed on good unglazed white paper in type not smaller than ten (10) point double leaded, citations and quotations single leaded; footnotes not less than eight (8) point single leaded. Type page shall be not more than twenty-nine (29) picas wide by approximately forty-eight (48) picas deep and trimmed page shall be seven (7) inches by ten (10) inches, with an inside margin of not less than one (1) inch.

(7) *Length.* Unless leave be granted, briefs shall not exceed seventy-five (75) printed pages.

(8) *Signing.* At least one copy of each brief shall be signed in ink, by the respondent or his duly authorized attorney, as prescribed in § 2.12.

(c) *Oral arguments.* (1) Oral arguments before the Commission shall be had as ordered, on written application of the Chief Trial Counsel of the Commission, or of the respondent, or of attorney for respondent, filed within fifteen (15) days after filing of brief on behalf of respondent.

(2) Oral arguments before the Commission shall be reported stenographically unless otherwise ordered by the Commission.

§ 2.25 *Commission's adjudication.* (a) Upon submittal of a case to the Commission for final decision on the merits the Commission will consider the whole record, including the recommended decision of the Trial Examiner and the exceptions thereto, will resolve all questions of fact by what it deems to be the greater weight of the evidence thereon, will make its decision stating the reasons or basis therefor and enter an appropriate order, and wherever it decides that an order to cease and desist should be entered will also make, as provided by law, a report in writing stating its findings as to the facts. As authorized under the various statutes defining its powers and duties the Commission adjudicates all formal proceedings brought before it and as authorized under the Administrative Procedure Act reserves such adjudications exclusively to itself.

(b) No officer, employee or agent, engaged in the performance of investigative or prosecuting functions for the Commission, and no party respondent or his agent or counsel in any case shall, in that or a factually related case, participate or advise in the decision of the Commission, except as a witness or as counsel in public proceedings.

§ 2.26 *Reports showing compliance with orders and with stipulations.* (a) In every case where an order to cease and desist is issued by the Commission for the purpose of preventing violations of law and in every instance where the Commission approves and accepts a stipulation in which a party agrees to cease and desist from the unlawful methods, acts or practices involved, the respondents named in such orders and the parties so stipulating shall file with the Commission, within sixty days of the service of such order and within sixty days of the approval of such stipulation, a report, in writing, setting forth in detail the manner and form in which they have complied with said order or with said stipulation; provided, however, that if within the said sixty (60) day period respondent shall file petition for review in a circuit court of appeals, the time for filing report of compliance will begin to run de novo from the final judicial determination; and provided further that where the order prevents the use of a false advertisement of a food, drug, device or cosmetic, which may be injurious to health because of results from such use under the conditions prescribed in the advertisement, or under such conditions as are customary or usual, or if the use of such advertisement is with intent to defraud or mislead, an interim report stating whether and how respondents intend to comply shall be filed within ten days.

(b) Within its sound discretion, the Commission may require any respondent upon whom such order has been served and any party entering into such stipulation, to file with the Commission, from time to time thereafter, further reports in writing, setting forth in detail the manner and form in which they are complying with said order or with said stipulation.

(c) Reports of compliance shall be signed in ink by respondents or by the parties stipulating.

§ 2.27 *Reopening of proceedings.* (a) In any case where an order to cease and desist has been issued by the Commission it may, upon notice to the parties, modify or set aside, in whole or in part, its report of findings as to the facts or order in such manner as it may deem proper at any time prior to expiration of the time allowed for filing a petition for review or prior to the filing of the transcript of record in the proceeding in a Circuit Court of Appeals of the United States pursuant to a petition for review or for enforcement of such order.

(b) In any case where an order to cease and desist issued by the Commission has become final by reason of court affirmance or expiration of the statutory period for court review without a petition for such review having been filed, the Commission may at any time after reasonable notice and opportunity for hearing as to whether changed conditions of fact or of law or the public interest so require, reopen and alter, modify or set aside in whole or in part its report of findings as to the facts or order therein whenever in the opinion of the Commission, after such hearing, such action is required by said changed conditions or by the public interest.

(c) In any case where an order dismissing a formal complaint of the Commission has been entered the Commission may, upon reasonable notice to the parties and opportunity for a hearing as to whether said proceeding should be reopened, issue an order reopening the same whenever, in the opinion of the Commission, changed conditions of fact or of law or the public interest so require.

§ 2.28 *Trade practice conference procedure*—(a) *Purpose.* The Trade practice conference procedure has for its purpose the establishment, by the Commission, of trade practice rules in the interest of industry and the purchasing public. This procedure affords opportunity for voluntary participation by industry groups or other interested parties in the formulation of rules to provide for elimination or prevention of unfair methods of competition, unfair or deceptive acts or practices and other illegal trade practices. They may also include provisions to foster and promote fair competitive conditions and to establish standards of ethical business practices in harmony with public policy. No provision or rule, however, may be approved by the Commission which sanctions a practice contrary to law or which may aid or abet a practice contrary to law.

(b) *When authorized.* Trade practice conference proceedings may be authorized by the Commission upon its own motion or upon application therefor whenever such proceedings appear to the Commission to be in the interest of the public. In authorizing proceedings, the Commission may consider whether such proceedings appear to have possibilities (1) of constructively advancing the best interests of industry on sound competitive principles in consonance with public policy, or (2) of bringing about more adequate or equitable observance of laws under which the Commission has jurisdiction, or (3) of otherwise protecting or advancing the public interest.

(c) *Application.* Application for a trade practice conference may be filed with the Commission by any interested person, party or group. Such application shall be in writing and be signed by the applicant or the duly authorized representative of the applicant or group desiring such conference. The following information, to the extent known to the applicant, shall be furnished with such application or in a supplement thereto:

(1) A brief description of the industry, trade, or subject to be treated.

(2) The kind and character of the products involved.

(3) The size or extent and the divisions of the industry or trade groups concerned.

(4) The estimated total annual volume of production or sales of the commodities involved.

(5) List of membership of the industry or trade groups concerned in the matter.

(6) A brief statement of the acts, practices, methods of competition or other trade practices desired to be considered, or drafts of suggested trade practice rules.

(d) *Informal discussions with members of the Commission's staff.* Any interested person or group may, upon request, be granted opportunity to confer in respect to any proposed trade practice conference with the Commission's trade practice conference division, either prior or subsequent to the filing of any such application. They may also submit any pertinent data or information which they desire to have considered. Such submission shall be made during such period of time as the Commission or its duly authorized official may designate.

(e) *Industry conferences.* Public notice of the time and place of any such authorized conference shall be issued by the Commission. A member of the Commission or of its staff shall have charge of the conference and shall conduct the conference pursuant to direction of the Commission and in such manner as will facilitate the proceeding and afford appropriate consideration of matters properly coming before the conference. A transcript of the conference proceedings shall be made, which, together with all rules, resolutions, modifications, amendments or other matters offered, shall be filed in the office of the Commission and submitted for its consideration.

(f) *Public hearing on proposed rules.* Before final approval by the Commission of rules for an industry, and upon public notice further opportunity shall be afforded by the Commission to all interested persons, corporations or other organizations, including consumers, to submit in writing relevant suggestions or objections and to appear and be heard at a designated time and place.

(g) *Promulgation of rules.* When trade practice rules shall have been finally approved and received by the Commission, they shall be promulgated by official order of the Commission and published, pursuant to law, in the FEDERAL REGISTER. Said rules shall become

operative thirty (30) days from date of promulgation or at such other time as may be specified by the Commission. Copies of the final rules shall be made available at the office of the Commission. Under the procedure of the Commission a copy of the trade practice rules as promulgated by the Commission is sent to each member of the industry whose name and address is available, together with an acceptance form providing opportunity to such member to signify his intention to observe the rules in the conduct of his business.

(h) *Violations.* Complaints as to the use, by any person, corporation or other organization, of any act, practice or method inhibited by the rules may be made to the Commission by any person having information thereof. Such complaints, if warranted by the facts and the law, will receive the attention of the Commission in accordance with the law. In addition, the Commission may act upon its own motion in proceeding against the use of any act, practice or method contrary to law.

(i) *Amendment of rules.* Trade practice rules may be amended or rescinded by the Commission upon its own motion or upon application filed with it by any interested person, party or group. Such application shall be in writing, signed by the applicant or his duly authorized representative, and shall set forth the reasons for the requested action.

§ 2.29 *Public information.* (a) The rules of practice of the Commission, and such amendments as may be made thereto, shall be published in the FEDERAL REGISTER and may be obtained from the Commission upon application.

(b) The findings, conclusions of law, and final orders of the Commission in respective formal proceedings and a digest of accepted stipulations to desist from unlawful practices shall be published in the official reports of the Commission.

(c) Trade practice conference rules for respective industries, issued under § 2.28, may be obtained upon application to the Commission and shall be published in the FEDERAL REGISTER.

(d) Information concerning the activities of the Commission will be released from time to time under the direction or pursuant to the authority of the Commission.

(e) In proceedings instituted by the issuance of formal complaint, the pleadings, transcript of testimony, exhibits, and all documents received in evidence or made a part of the record therein shall be available for inspection and copying by the public at the convenience of the Commission.

(f) Documents, records, and reports made public by the Commission, including stipulations to cease and desist, certain trade practice conference records, and certain papers filed under the Wool Products Labeling Act, shall be available for inspection and copying at the convenience of the Commission.

(g) The records and files of the Commission, and all documents, memoranda, correspondence, exhibits, and information of whatever nature, other than the documentary matters above described, coming into the possession or within the knowledge of the Commission or any of its officers or employees in the discharge of their official duties, are confidential, and none of such material or information may be disclosed, divulged, or produced for inspection or copying except under the following circumstances:

(h) Upon good cause shown, the Commission may by order direct that certain records, files, papers, or information be disclosed to a particular applicant.

(1) Application by a member of the public for such disclosure shall be in writing, under oath, setting forth (i) the interest of the applicant in the subject matter; (ii) a description of the specific information, files, documents, or other material inspection of which is requested; (iii) whether copies are desired; and (iv) the purpose for which the information or material, or copies, will be used if the application is granted. Upon receipt of such an application the Commission will take action thereon, having due regard to statutory restrictions, its rules of practice and the public interest.

(2) In the event that confidential material is desired for inspection, copying, or use by some agency of the Federal or a State Government, a request therefor may be made by the administrative head of such agency. Such request shall be in writing, and shall describe the information or material desired, its relevancy to the work and function of such agency and, if the production of documents or records or the taking of copies thereof is asked, the use which is intended to be made of them. The Commission will consider and act upon such requests, having due regard to statutory restrictions, its rules of practice, and the public interest.

(i) In cases in which an officer or employee of the Commission has been lawfully served with a subpoena duces tecum, material designated herein as confidential shall be produced only when and as authorized by the Commission. Service of such subpoena shall immediately be reported to the Commission with a statement of all relevant facts. The Commission will thereupon enter such order or give such instructions as it shall deem advisable in the premises. If the officer or employee so served has not received instructions from the Commission prior to the return date of the subpoena, he shall appear in response thereto and respectfully decline to produce the documents or records subpoenaed (pointing out that he is not permitted to do so under this rule), and request a continuance pending action by or instructions from the Commission. If, notwithstanding, the court or other body orders the production of any of the material subpoenaed, the officer or employee shall immediately report the facts to the Commission.

Promulgated as of this date in pursuance of the action of the Federal Trade Commission under date of September 2, 1947, effective on date of publication thereof in the FEDERAL REGISTER.

By direction of the Commission.

[SEAL] OTIS B. JOHNSON,
Secretary.

[F. R. Doc. 47-8330; Filed, Sept. 9, 1947; 8:51 a. m.]

PART 7—ORGANIZATION, PROCEDURES, AND FUNCTIONS

The Commission, on August 29, 1947, amended § 7.9 *Agreements to cease and desist on stipulated facts* and § 7.15 *Administration of the Wool Products Labeling Act*, of its statement of organization, procedures, and functions (§§ 7.1 to 7.17, inclusive), so that said statement, Part 7—Organization, procedures, and functions, shall read as follows, effective on date of publication thereof in the FEDERAL REGISTER.

Sec.
7.1 The Commission.
7.2 Offices.
7.3 Hours.
7.4 Sessions.
7.5 Quorum.
7.6 Public information.
7.7 The Secretary.
7.8 Preliminary legal investigations.
7.9 Agreements to cease and desist on stipulated facts.
7.10 Procedure upon formal complaints and before the courts.
7.11 Hearings on formal complaints.
7.12 Compliance and enforcement.
7.13 Trade mark procedure.
7.14 Administration of Export Trade Act.
7.15 Administration of the Wool Products Labeling Act.
7.16 Trade practice conference proceedings.
7.17 General economic surveys and reports.

AUTHORITY: §§ 7.1 to 7.17, inclusive, issued under sec. 6, 38 Stat. 721, 60 Stat. 237; 15 U. S. C., sec. 46; 5 U. S. C., Sup., 1001 et seq.

§ 7.1 *The Commission.* The Federal Trade Commission is composed of five Commissioners appointed by the President and confirmed by the Senate. It was established in 1914 as an agency to foster fair and free competition and to supplement the antitrust laws. It has remedial functions in the administration and enforcement of various statutes prohibiting the use of unfair, deceptive, discriminatory, and monopolistic trade practices. These functions are exercised by way of adversary proceedings and orders to cease and desist, by the stipulated acquiescence of the parties or by trade practice conference proceedings. The Commission also exercises supervision over associations engaged in export trade. The Commission also has advisory functions which are exercised by way of general investigations and reports to Congress or to the President and by recommendations for legislation. These functions are exercised through various divisions of the Commission as hereinafter described.

§ 7.2 *Offices.* (a) The principal office of the Commission is at Washington, D. C.

(b) All communications to the Commission should be addressed to Federal Trade Commission, Pennsylvania Avenue at Sixth Street, Washington 25, D. C., unless otherwise specified.

(c) Branch offices of the Office of Legal Investigations are maintained at Room 501, 45 Broadway, New York 6, N. Y.; 1118 New Post Office Building, 433 West Van Buren Street, Chicago 7, Ill.; Federal Office Building, Room 133, Civic Center, San Francisco 2, Calif.; 447 Federal Office Building, Seattle 4, Wash.; Room 652, Federal Office Building, 600 South Street, New Orleans 12, La.

§ 7.3 *Hours.* Offices are open on each business day from 8:30 a. m. to 5 p. m.

§ 7.4 *Sessions.* (a) The Commission may meet and exercise all its powers at any place, and may, by one or more of its members, or by such representatives as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

(b) Sessions of the Commission for hearings will be held as ordered by the Commission.

(c) Sessions of the Commission for the purpose of making orders and for transaction of other business unless otherwise ordered are held at the principal office of the Commission at Pennsylvania Avenue at Sixth Street, Washington, D. C., on each business day.

§ 7.5 *Quorum.* A majority of the members of the Commission constitutes a quorum for the transaction of business.

§ 7.6 *Public information.* All requests, whether for information or otherwise, and submittals should be addressed to the principal office of the Commission.

§ 7.7 *The Secretary.* The Secretary is the executive officer of the Commission and is the legal custodian of its seal, papers, records, and property; and all orders of the Commission are signed by the Secretary or such other person as may be authorized by the Commission.

§ 7.8 *Preliminary legal investigations.* All preliminary legal investigations of the Commission are conducted by the staff of its Office of Legal Investigations which is made up of a Director, an Assistant Director, a Chief Examiner, and a Chief of the Radio and Periodical Division. The Chief Examiner has four Assistants, and there is one Assistant Chief in the Radio and Periodical Division.

(a) *Applications for complaint.* Any person, partnership, corporation, or association may apply to the Commission to institute a proceeding in respect to any violation of law over which the Commission has jurisdiction.

Such application for complaint should be in writing, signed by or in behalf of the applicant, and should contain a short and simple statement of the facts constituting the alleged violation of law, and the name and address of the applicant and of the party complained of, together with all revelant available information. No forms or formal procedure are required in making an application for complaint.

(b) *Status of applicant for complaint.* The applicant is not a party to a Commission proceeding except where allowed to intervene as provided by the statute. It has always been and now is the rule not to publish or divulge the name of an applicant.

(c) *Docketing of applications for complaint.* Upon receipt of an application for complaint, the Commission through its Office of Legal Investigations, considers the essential jurisdictional elements before deciding whether or not it shall be docketed. Also, the Commission, acting on its own motion, dockets applications for complaint and initiates investigations. It is the policy not to docket an application for complaint or institute proceedings where the alleged violation of law is merely a private controversy and does not tend adversely to affect the public.

(d) *Investigation of docketed matters.* The general procedure is that after a matter has been docketed, it is assigned to an attorney or examiner for the purpose of developing all the material facts. He is directed to interview the applicant. He is also directed to interview the party complained against, advise him fully of the charges, and obtain relevant information, oral and documentary, including such as may be furnished in defense. Such additional investigation is made as may be necessary. Preliminary investigations under the Export Trade Act are made in the same manner.

(e) *Report on investigation of docketed matters.* After developing all the relevant facts, the attorney examiner summarizes the material in a report, reviews the law applicable, and makes recommendations as to what action he believes the Commission should take. The file is reviewed by the Chief Examiner, and, if found to be complete, is submitted by him to the Commission (through the Director of the Office of Legal Investigations), with a summary of the issues involved, his conclusions thereon, and his recommendation. He may recommend (1) closing of the file without prejudice to the right of the Commission to reinstate the matter if and when conditions may warrant, or (2) disposition of the application for complaint by the respondent signing a stipulation as to the facts, and an agreement to cease and desist from the practices set forth in the stipulation, or (3) issuance of formal complaint, or (4) other appropriate action.

(f) *Radio and periodical advertising.* The Radio and Periodical Division of the Office of Legal Investigations conducts a current and continuing survey of radio, newspaper, magazine, and mail order catalog or circular advertising. If it appears that a published advertisement may be misleading, a contact letter is sent to the advertiser containing a request for pertinent information and material regarding the product and the advertisement thereof. He is also invited to submit any statement he may care to make regarding the product and his advertising of it. When all available data have been examined and analyzed, the Chief of the Division makes his recommendation to the Commission (through the Director of the Office of Legal Investigations) in the same manner as described with relation to docketed matters.

§ 7.9 *Agreements to cease and desist on stipulated facts.* (a) The Commission maintains a Division of Stipulations consisting of a Director, Assistant Director, and staff of attorney conferees.

(b) When a case is referred to the Division of Stipulations, that Division gives the proposed respondent notice of such reference, together with a statement of the alleged illegal acts, practices, or methods, and requests a reply within a specified period of time.

(c) The proposed respondent may reply by correspondence or upon his request, may confer with the Director of the Division of Stipulations, or with a designated attorney conferee either in person or through his authorized representative.

(d) If the proposed respondent enters into a satisfactory stipulation to cease and desist from such practices as the Director of the Division of Stipulations deems in accord with the Commission's direction, and to have been sufficiently substantiated by the investigational records and reports, or by the admissions of the proposed respondent, said stipulation is submitted to the Commission for its approval. In the event of failure of the proposed respondent to sign a satisfactory stipulation covering the charges which the Director considers to have been so substantiated, the Director then reports the matter to the Commission with recommendation as to what action is required in the public interest. He may recommend formal complaint or closing of the matter in whole or in part without prejudice to the right of the Commission to reopen the same at a later date, or other appropriate action. Stipulations after acceptance by the Commission are matters of public record.

§ 7.10 *Procedure upon formal complaints and before the courts.* (a) When the issuance of a formal complaint is directed by the Commission, the matter is referred to the Office of Chief Trial Counsel for preparation of the complaint, and proceedings thereunder. The complaint names the respondent or respondents, alleges a violation or violations of law, and contains a statement of the charges. The proceedings are carried forward thereafter in conformity with the Rules of Practice. (Part 2 of this chapter[1]).

(b) Should an order to cease and desist be issued by the Commission under the Federal Trade Commission Act or the Wool Products Labeling Act, the order becomes final sixty days after date of service upon the respondent, unless within that period the respondent petitions an appropriate United States Circuit Court of Appeals to review the order. In case of review, the Circuit Court enters a decree affirming, modifying, or setting aside the order of the Commission and enforcing the same to the extent that such order is affirmed. Final orders in such cases are enforceable by civil penalty suits, instituted by the Attorney General. Under the Clayton Act, however, an order to cease and desist does not become final by lapse of time. The order must be affirmed by the United States Circuit Court of Appeals on application for review by the respondent or upon petition of the Commission. After affirmation, appropriate proceedings may be brought for violation of the Court's decree.

(c) The function of preparing, trying, briefing and arguing complaints in litigated cases is a prosecuting function which is performed by a staff of attorneys who work under the supervision of the Chief Trial Counsel and three Assistant Chief Trial Counsel. Neither they nor any of the attorneys performing such

[1] *Supra.*

function in a particular case or in a factually related one participate or advise in the decision of such case except under the same conditions that are applicable to attorneys representing the respondent therein and which conditions are set forth in the Commission's published rules of practice.

(d) The function of handling the Commission's cases which are reviewed by the courts after decision by the Commission is performed by the General Counsel, an Associate General Counsel and an Assistant General Counsel, with the necessary assisting attorneys. The Office of the General Counsel under supervision of an Assistant General Counsel administers trade mark compliance and enforcement matters as hereinafter set out. The General Counsel also acts as the principal legal adviser to the Commission on the applicable law, precedent or policy in a wide variety of matters.

§ 7.11 *Hearings on formal complaints.* (a) When, after the issuance of formal complaint, issues are joined, the matter comes under the Commission's trial procedure, which is implemented through the Trial Examiner's Division, consisting of the Chief Trial Examiner, an Assistant Chief Trial Examiner, and a staff of trial examiners. The Chief Trial Examiner acts as the administrative head and chief law officer of the Division. He exercises supervision over the forms of reports and coordinates methods of compliance by the trial examiners with the rules of practice.

(b) In so far as practicable, trial examiners are assigned in rotation to cases by the Commission on recommendation of the Chief Trial Examiner. The trial examiner thus designated proceeds to convene hearings for the reception of relevant evidence on the issues. A Commissioner may be assigned to this duty.

(c) Hearings are held in such parts of the country as may be necessary with due regard for the convenience of the parties and witnesses. All proper parties may be represented by counsel and all fundamental rights such as cross-examination of witnesses, adduction of evidence, objections, exceptions, motions, appeals, and the submission of briefs and oral argument are preserved to the respondents.

(d) After the evidence is concluded in a case and parties have been duly heard and their contentions considered, the Trial Examiner makes and files a recommended decision which includes a statement of (1) findings and conclusions, as well as the reasons or basis therefor, upon all the material issues of fact, law or discretion presented on the record, and (2) an appropriate order. The Trial Examiner's recommended decision becomes a part of the record and a copy thereof is served on each party who may then file exceptions thereto and present substitute conclusions and form of order.

(e) The Commission, after considering the entire record, including the recommended decision of the trial examiner and the exceptions thereto, resolves all questions of fact by what it deems to be the greater weight of the evidence thereon, and makes its decision stating the reasons or basis therefor and enters an appropriate order. Wherever it decides that an order to cease and desist should be entered, the Commission also makes a report in writing stating its findings as to the facts.

§ 7.12 *Compliance and enforcement.* (a) Reports of compliance with orders to cease and desist are required in accordance with the provisions of § 2.26 of the rules of practice. The Commission may by order require such supplemental reports of compliance as it considers warranted. Reports of compliance must consist of a full statement showing the manner and form in which the order has been complied with. Mere statements that the respondent is not violating the order are not acceptable. A factual showing is required sufficient to enable the Commission to appraise the manner and form of compliance.

(b) After an order to cease and desist issued by the Commission pursuant to the Federal Trade Commission Act has become final as provided for under section 5 of that act, and the Commission has reason to believe that a respondent has violated such order, it shall certify the facts concerning the violation to the Attorney General, who may institute a suit in one of the District Courts of the United States for the recovery of civil penalties as provided in the act. In proceedings under the Federal Trade Commission Act, where a Circuit Court of Appeals of the United States has by decree commanded obedience to the Commission's order, enforcement may be accomplished by way of contempt proceedings in the Circuit Court. With respect to orders under the various provisions of the Clayton Act, enforcement must be accomplished by way of contempt proceedings.

(c) Matters relating to reports of compliance with, and violation of, or enforcement of Commission orders are handled in the Office of Compliance, which is a part of the Office of the General Counsel, under the supervision of an Assistant General Counsel, except that the Appellate Division of the Office of the General Counsel handles appearances in the Circuit Courts in enforcement proceedings by way of contempt.

(d) Matters relating to reports of compliance with voluntary agreements to cease and desist (stipulations) are handled in the Division of Stipulations.

§ 7.13 *Trade mark procedure.* (a) The Trade Mark Act of 1946 authorizes the Commission to institute proceedings before the Commissioner of Patents in certain circumstances for cancellation of the registration of marks which do not conform to the requirements enumerated in the act. The functions delegated to the Commission by this Act are administered in and prosecuted by the Office of the General Counsel through the Trade Mark Division.

(b) Applications to the Commission for the institution of proceedings for the cancellation of registration of trade, service, or certification marks should be in writing, signed by or in behalf of the applicant, and should contain a short and simple statement of the facts constituting the alleged basis for cancellation, the name and address of the applicant and the party complained of, together with all relevant and available information. No forms or formal procedure are required in making such an application. Such investigation as is required to secure the facts necessary for determining whether cancellation proceedings should be instituted will be made in appropriate cases.

(c) Application from members of the public and Governmental Agencies seeking the intervention of the Commission under this act, and the results of any investigation made, are referred to the Office of the General Counsel, Trade Mark Division, for consideration and report to the Commission, with recommendation. If, after consideration of the matter, the Commission concludes that it should apply for cancellation of the mark as provided in the act, it directs the Office of the General Counsel, Trade Mark Division, to institute proceedings for cancellation of the registration.

(d) Proceedings instituted by the Commission for cancellation of registration before the Commissioner of Patents are subject to the rules and regulations of that agency.

§ 7.14 *Administration of Export Trade Act.* (a) The Export Trade Act is administered in the Export Trade Office, under the general direction of the Chief Trial Counsel. The Export Trade Act authorizes the organization and operation of export trade associations and extends to them certain limited exemptions from the antitrust laws. Such associations must be entered into for the sole purpose of engaging in export trade and must be actually so engaged and are prohibited from restraining the trade of a domestic competitor, from artificially or intentionally enhancing or depressing prices in this country, or substantially lessening competition or otherwise restraining trade within the United States.

(b) Under section 5 of the act, any association organized under the act is required to file with the Commission within thirty days, copies of organizational papers and thereafter to make annual reports, listing its members or stockholders, and such special reports as the Commission may require concerning the organization, business, conduct, practices, management, and relation to other associations, corporations, and individuals. No particular forms for reporting are required, but for the convenience of parties interested, forms of a first report and of the annual report currently used, are available on request. All reports must be verified. Such information is examined and analyzed by the Director of the Export Trade Office, who reports thereon to the Commission.

(c) If the Commission has reason to believe that an association has violated the antitrust laws, it conducts an investigation and if it concludes that the law has been violated, it makes to such association recommendations for the readjustment of its business in order that it may thereafter conduct its business in accordance with law. Any such investigation is conducted by the Director of the Export Trade Office, who reports to

the Commission thereon, with recommendations as to any necessary readjustment of the association's business.

(d) The procedure followed in such investigations is in accordance with that for investigational hearings in § 2.3 of the rules of practice.

(e) The Assistant Chief Trial Counsel for Export Trade matters examines and analyzes the evidence and reports thereon with his recommendation.

§ 7.15 *Administration of the Wool Products Labeling Act.* (a) The general administration of the Wool Products Labeling Act and of the rules and regulations issued thereunder is carried out at the direction of the Commission by the Director of Trade Practice Conferences and Wool Act Administration. Rules and regulations including forms have been issued pursuant to the provisions of the act and were duly published in the FEDERAL REGISTER on July 15, 1941 (16 CFR, 300.1 to 300.36). Any affected person may obtain a copy thereof upon request to the Commission. Amendments of such rules and regulations may be made by the Commission as it deems necessary and proper for the administration and enforcement of the act, either upon its own motion or upon application filed with it by any interested person, in accordance with the rules of practice. Before any amendment is made, opportunity shall be afforded all interested persons to submit data, views and arguments, pursuant to appropriate notice published in the FEDERAL REGISTER.

(b) Among the various duties involved in such administration of the act are: the formulation and issuance of rules and regulations or amendments thereto and the holding of such hearings as may be required from time to time; receiving, examining, and recording continuing guarantees for public record under section 9 of the act; acting upon applications for manufacturers' registered identification numbers and issuing or canceling such numbers; supervising and directing field inspection work and the handling of administrative compliance and matters of interpretation.

(c) Manufacturers' registered identification numbers are issued by the Commission under the provisions of § 300.4 of this chapter to manufacturers residing in the United States and producing wool products subject to the act. Any such manufacturer desiring to obtain a registered identification number may file with the Commission an application therefor, such application to be in accordance with the specified form and appropriately executed and notarized. Numbers are issued when, upon examination of the application and related facts, the applicant is found to come within the terms of the rules and regulations and entitled to use such a registered identification number, the same being subject to revocation for cause or upon the applicant's discontinuance of the manufacture of wool products subject to the act.

(d) Continuing guarantees against misbranding as defined in the act may be filed with the Commission under section 9 thereof and when found to be in due form and substance as prescribed in the rules and regulations are recorded and held open to public inspection. They are renewable annually and at such other times as any change is made in the ownership or management of the guarantor. Necessary blanks may be obtained upon request.

(e) Through field inspection work wool products subject to the act as marketed by manufacturers, distributors, and dealers, are examined to ascertain whether they are properly labeled under the requirements and to effect administrative compliance in instances of alleged violation. Inspection likewise covers manufacturers' records. Administrative action to effect correction of infractions through voluntary cooperation is also taken under supervision of the Director in specific cases in which such means of correction are found adequate to effect immediate compliance and protect the public interest. If not so found, the matter may be referred to the Commission for further action. Thereafter, the statutory processes specified in the Federal Trade Commission Act may be ordered by the Commission or it may pursue such other remedial processes as are authorized in the Wool Products Labeling Act. In appropriate situations such matters may be referred for negotiation of a stipulation to cease and desist. Insofar as applicable, the practice and procedure in cases arising under the Wool Act will be as provided in cases arising under the Federal Trade Commission Act.

§ 7.16 *Trade practice conference proceedings.* (a) Rules for the elimination and prevention of unfair trade practices on an industry-wide basis are established by the Commission under the trade practice conference procedure, the requirements for which are contained in the Commission's published rules of practice. This procedure permits of the organization and utilization of cooperative effort among members of an industry for elevating the standards of business ethics and preventing unfair methods of competition, monopolistic restraint, and other trade abuses that are contrary to the laws administered by the Commission.

(b) The work is carried out by the Commission through the staff of the Office of Trade Practice Conferences and Wool Act Administration, which is under the supervision of a Director who is principal adviser to the Commission in such matters, an Associate Director, and three Assistant Directors.

(c) Proceedings for establishment of such rules for an industry may be instituted on the Commission's own motion or upon application from members of the industry. In pursuance thereof, a survey and study of the competitive problems of the industry is made and the results reported to the Commission with recommendation as to whether an industry conference should be called or other appropriate action taken. Upon direction of the Commission that a conference be held, a public announcement is made as to the time and place and all members of the industry are invited to attend and participate. The conference considers proposed rules submitted by members of the industry and those deemed necessary or desirable. These are studied and analyzed and report thereon is made to the Commission by the Director, together with his recommendations. Thereafter, proposed rules in the form deemed appropriate are released to the members of the industry and the public. Notice of hearing is issued to all interested or affected parties under which they are afforded opportunity to obtain copies of the proposed rules and to submit their suggestions, objections, and views, and also to be heard at a time and place designated in such public notice. All such hearings and trade practice conferences are open to the public and are conducted by a Commissioner or the Director or other designated official of the Office.

(d) After final hearing the entire proceedings, including the hearing record and other information submitted and bearing on the subject, are considered and reported by the Director to the Commission with his recommendations. Thereupon the entire matter receives the consideration of the Commission and all rules approved and accepted by it are promulgated and published in the FEDERAL REGISTER as rules for the industry. Copies of the rules are supplied to members of the industry, together with a form of acceptance by which each member of the industry may record his intention of observing the rules of the conduct of his business. Approved and accepted rules become operative thirty days after promulgation unless otherwise specified.

(e) Administration of the rules and compliance work in respect thereto are likewise handled through this Office. Information is gathered from time to time as to operation of the rules and cooperative liaison with the industry is maintained to prevent, in accordance with the purposes of the rules, the inception or growth of unfair trade practices.

§ 7.17 *General economic surveys and reports.* (a) Under section 6 of its organic act, the Federal Trade Commission has broad powers to ascertain the facts with respect to the organization, business, conduct, practices, and management of any corporation subject to its jurisdiction, and the relations of any such corporation to other corporations and to individuals, associations, and partnerships. The Commission has power under this section to require such corporations to file with it annual or special and both annual and special reports or answers in writing to specific questions, furnishing to the Commission such information as it may require respecting the business, conduct, practices, management, etc., of any such corporation and its relation to other business enterprises. These functions of the Commission are performed by its Office of Industrial Economics.

(b) The administration of this office is conducted by a Director who is also the Chief Economist, and by a Chief Accountant, a Chief Statistician and an Assistant Chief Economist who are Assistant Directors of the office. The Com-

mission on its own initiative or upon the application of the Attorney General, may direct this office, whenever a final decree has been entered against any defendant corporation under the Antitrust Acts, to ascertain and report the economic effects of such decree and the manner in which it is being carried out.

(c) The purposes of these general economic surveys are to ascertain and report the facts to the President or to the Congress concerning general economic conditions, the state of competition and the degree of concentration in a given industry, together with suggestions for remedial legislation. Such general economic surveys are made in response to the request of the President, at the direction of the Congress, or upon the initiative of the Commission.

(d) In the past, the economic and business facts developed by the Commission have contributed to the adoption of much remedial legislation, including the Stock Yards Act, the Securities Act, the Exchange Act, the Holding Company Act, the Revised Federal Power Commission Act, the Natural Gas Act, etc. In other cases, certain industries have voluntarily made changes in the conduct of their business following disclosures of uneconomic and harmful competitive trade practices.

(e) This office also furnishes general economic information, including industry-wide costs of production and of distribution and makes special reports to the Commission for submission to the President, the Congress, and to various Government departments and agencies. The personnel of the office includes accountants, economists and statisticians, and as a regular part of its work, members of its staff may be called upon to act as expert witnesses, to advise and consult with the Commission's attorneys, and to prepare accounting, economic, and statistical analyses in connection with legal cases. This is particularly true with respect to basing point and Robinson-Patman cases. The latter cases involve accounting and statistical problems particularly where differences in costs are used as a justification for price differences.

Promulgated as of this date in pursuance of the action of the Federal Trade Commission under date of August 29, 1947, effective on date of publication thereof in the FEDERAL REGISTER.

By direction of the Commission.

[SEAL] OTIS B. JOHNSON,
Secretary.

[F. R. Doc. 47-8331; Filed, Sept. 9, 1947; 8:52 a. m.]

TITLE 24—HOUSING CREDIT

Chapter VIII—Office of Housing Expediter

[Suspension Order S-16, Amdt.]

PART 807—SUSPENSION ORDERS

RALPH SAVIOLA

Ralph Saviola, owner of the property at 1356 East Delavan Avenue, Buffalo, N. Y., was suspended on April 16, 1947, by Suspension Order No. S-16 for construction of a structure to be used as a restaurant and tavern on the first floor and a residential apartment on the second floor at the above location. He has appealed from the provisions of the order, and the Chief Compliance Commissioner has directed that the order be amended.

It is hereby ordered, That § 807.16, Suspension Order No. S-16, issued April 16, 1947, be and hereby is amended by exempting from the operation of the suspension order construction of a restaurant on the first floor and residential quarters on the second floor providing no construction is carried on to be used for recreational or amusement purposes prohibited by CLR at the above described premises.

Issued this 5th day of September 1947.

OFFICE OF THE HOUSING EXPEDITER,
By: JAMES V. SARCONE,
Authorizing Officer.

[F. R. Doc. 47-8301; Filed, Sept. 9, 1947; 8:50 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter IX—Office of Materials Distribution,[1] Bureau of Foreign and Domestic Commerce, Department of Commerce

PART 4600—RUBBER, SYNTHETIC RUBBER AND PRODUCTS THEREOF

[Rubber Order R-1, as Amended September 9, 1947]

Rubber Order R-1, as amended July 14, 1947, is hereby amended to read as follows:

The following order is deemed necessary and appropriate in the public interest, to promote the national defense and to carry out the purposes of Public Law 24, 80th Congress, approved March 29, 1947.

Scope of this order. Rubber Order R-1 embraces the Office of Materials Distribution regulations on the consumption of natural rubber and natural rubber latex, the importation of rubber products and the manufacture of certain products.

Sec.

4600.01 Definitions of certain terms.
4600.02 [Deleted September 9, 1947.]
4600.03 Consumption of natural rubber (excluding natural rubber latex).
4600.03a Restrictions on consumption of natural rubber latex.
4600.03b Consumption of natural rubber and natural rubber latex for experimental purposes.
4600.05 [Deleted September 9, 1947.]
4600.06 [Deleted September 9, 1947.]
4600.07 Restrictions on importation of rubber products.
4600.12 Reports.
4600.13 Applicability of regulations.
4600.14 Appeals.
4600.15 Violations.
4600.16 Communications.

Appendix I—[Deleted September 9, 1947.]

Appendix II—Manufacturing regulations for tires, tubes, curing bags, flaps and retreading materials.

[1] Formerly Office of Temporary Controls, Civilian Production Administration.

§ 4600.01 *Definitions of certain terms.* As used in this order, (a) "Natural rubber" means all forms and types of tree, vine, or shrub rubber, including guayule but excluding natural rubber latex. Not included in the definition are balata, chilte, gutta percha, gutta siak, gutta jelutong or pontianac.

(b) "Natural rubber latex" means the dry latex solids contained in natural rubber liquid latex.

(c) "Reclaimed rubber" means any material derived from the processing or treatment of vulcanized scrap rubber but excluding reclaimed residue or "mud". Reclaimed residue or "mud" means dried or recovered sludge consisting of a mixture of partially hydrolyzed cellulose, finely divided rubber and other waste products of the digester process of reclaiming rubber.

(d) "Scrap rubber" means any finished or semi-finished product or part thereof made in part or in whole from natural rubber or natural rubber latex which through wear, deterioration or obsolescence cannot be used in the processing of any product. Not included in the definition is any finished or semi-finished product or material containing natural rubber or natural rubber latex which may be used for a purpose for which originally designed, or which may be used for any product specifically referred to in this Order.

(e) "Synthetic rubber" means Neoprene (all types including latex); Butyl (GR-I), all grades except butyl plant clean-up material; all Butadiene polymer and copolymer types including latex, including but not limited to GR-S types, such as Hycar OS and Styraloy; all Butadiene-Acrylonitrile types, such as Hycar, Perbunan, Chemigum, Butaprene, Thiokol RD and GR-A; and Polyisobutylene.

(f) "Consume" means in the case of natural rubber, natural rubber latex, synthetic rubber or reclaimed rubber, to compound, expend, formulate or in any manner make any substantial change in the form, shape or chemical composition except where any of these materials are used in the preparation of master-batches or compounds prepared for use in the manufacture of finished products.

(g) "Person" means any individual, partnership, association, business trust, corporation, governmental corporation or agency, or any organized group of persons whether incorporated or not.

(h) "RHC" means rubber hydrocarbon. This is the sum of natural rubber, natural rubber latex, synthetic rubber, the rubber hydrocarbon value of reclaimed rubber, scrap rubber, uncured in-process materials, and the rubber hydrocarbon value of master-batches or compounds of natural rubber or natural rubber latex. The rubber hydrocarbon value of reclaimed rubber shall be calculated from the rubber value of reclaimed rubber as certified by the manufacturer of the reclaimed rubber and shall be determined by the "difference" or "indirect" method. Natural rubber includes the rubber hydrocarbon value of natural rubber or natural rubber latex master-batches or compounds as certified by the manufacturer of master-batches or compounds which include natural rubber or natural rubber latex.

§ 4600.02 [Deleted September 9, 1947.]

§ 4600.03 *Consumption of natural rubber (excluding natural rubber latex).* Natural rubber (excluding natural rubber latex) may be consumed in the manufacture of any product, provided that the applicable specifications and provisions set forth in Appendix II are complied with.

§ 4600.03a *Restrictions on consumption of natural rubber latex.* Natural rubber latex may be consumed in the manufacture of any product, subject only to the following individual product specifications:

Product	*Specification*
Latex foam products.	No product shall contain in RHC more than 66⅔ percent natural rubber latex by weight.
Curled animal hair.	Not more than 66⅔ percent of the total quarterly consumption of natural rubber latex and synthetic rubber latex shall be natural rubber latex.
Type R and R U building wire.	
Frame wire.	

§ 4600.03b *Consumption of natural rubber and natural rubber latex for experimental purposes.* Not more than 2,000 pounds of natural rubber, or 100 pounds of natural rubber latex, may be consumed for experimental purposes during any calendar quarter, respectively, for any product covered by Appendix II, and for any product covered by Section 4600.03a.

§ 4600.05 [Deleted September 9, 1947.]

§ 4600.06 [Deleted September 9, 1947.]

§ 4600.07 *Restrictions on importation of rubber products.* (a) For the purpose of this section, "import" means to transport in any manner from any foreign country into the continental United States or into any territory or possession of the United States. It does not include shipments into a free port, free zone, or bonded custody of the United States Bureau of Customs (bonded warehouse) in the continental United States for trans-shipment to any foreign country.

(b) No person shall import any finished or semi-finished products referred to in Rubber Order R–1, including Appendix II thereof, if such product contains more natural rubber or natural rubber latex, by weight of the rubber hydrocarbon content, than is specifically permitted for such product in this order. The foregoing restriction shall not apply to:

(i) The importation of any finished product made of natural rubber or natural rubber latex by diplomatic representatives of any foreign government for their personal use or the use of members of their staffs, and by commercial representatives of any foreign government for use in their official business, or

(ii) The importation by any person of any finished or semi-finished product manufactured in accordance with the provisions of Rubber Order R–1 and in respect to which the importer shall furnish to the Collector of Customs at the port of entry a certificate substantially as follows:

> The undersigned hereby certifies, subject to the criminal penalties for misrepresentation contained in section 35 (A) of the United States Criminal Code, that the products covered by the invoice to which this certificate is attached, as noted therein, are being imported into the United States in accordance with the provisions of § 4600.07 of Office of Materials Distribution Rubber Order R–1. The undersigned further certifies that the products covered by the invoice to which this certificate is attached were manufactured in accordance with the restrictions or provisions of R–1.
>
> ---------- ----------
> Date Signature

§ 4600.12 *Reports.* (a) Every person who consumed or owned during any month any type of rubbers listed below in an amount in pounds equal to or in excess of the amounts specified below, shall file a monthly report on Form OMD–3410 with the Office of Materials Distribution, Department of Commerce, in accordance with the instructions accompanying the form. This report form covers consumption, stocks, imports, receipts, production and shipments.

Types	*Amount (Pounds)*
Natural rubber	15,000
Natural rubber latex	5,000
Reclaimed rubber	10,000
GR–S (all types, including GR–S latex)	15,000
Butyl (GR–I), all types	10,000
Neoprene (all types, including Neoprene latex)	5,000
Butadiene-Acrylonitrile types	5,000

No report need be filed as to any of these types of rubbers if both consumption and stocks were each less than the amounts specified above for the particular types of rubbers.

(b) Each manufacturer of tires and tubes or camelback shall file a report on his production, shipments and inventory for each calendar month on Form OMD–3438 with the Office of Materials Distribution, Department of Commerce, in accordance with the instructions accompanying the form.

(c) Any person may be required to file such other reports as may be needed, subject to approval by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

§ 4600.13 *Applicability of regulations.* Except as otherwise provided, this order and all transactions affected thereby are subject to all applicable provisions of the Office of Materials Distribution regulations as amended from time to time.

§ 4600.14 *Appeals.* Appeals from any provision of this order shall be made by submitting a written request to the Rubber Division, Office of Materials Distribution.

§ 4600.15 *Violations.* Any person who willfully violates any provisions of this order, or who in connection with this order willfully conceals a material fact or furnishes false information to any department or agency of the United States Government is guilty of a crime, and upon conviction may be punished by fine or imprisonment.

§ 4600.16 *Communications.* All reports required to be filed under this order and all communications concerning this order shall be addressed to: Department of Commerce, Office of Materials Distribution, Rubber Division, Washington 25, D. C., Ref. Rubber Order R–1.

APPENDIX I—[Deleted September 9, 1947.]

APPENDIX II—MANUFACTURING REGULATIONS FOR TIRES, TUBES, CURING BAGS, FLAPS AND RETREADING MATERIALS

TABLE OF LISTS INCLUDED IN APPENDIX II

No.	*Title*
2	Tire and flap curing bags.
6	Tube identification.
7	Tire and tube repair materials.
8	Tires.
9	Tire tubes.
10	Tire flaps.
13	Retreading materials.

Appendix II to Rubber Order R–1 establishes compounding proportions and manufacturing regulations as set out in the lists appearing below.

(a) *Limitation on production of rubber products.* No person may manufacture any of the products covered by the lists set out in this Appendix II except in accordance with the restrictions and regulations in the list applicable to the product.

(b) *Meaning of the symbol "X".* "X" when used in any of the tables appearing in the lists means that the material so designated may be consumed in the quantities required by the manufacturer, subject to any special restrictions or provisions applicable to the particular products.

LIST 2—MANUFACTURE OF TIRE AND FLAP CURING BAGS

(a) *Manufacturing regulations.* The consumption of natural rubber as required by the manufacturer in all sizes and types of tire and flap curing bags is permitted.

(b) *Marking of synthetic curing bags.* All curing bags containing synthetic rubber shall be marked with a permanent circumferential colored stripe approximately ⅜" wide applied on the base section of the bag. The appropriate color shall be determined from List 6.

LIST 6—TUBE IDENTIFICATION

Identification of synthetic rubbers. Identification of the various types of synthetic rubbers shall be effected by designating each type by a letter and a color, as follows:

Letter and color	*Type of synthetic*
S—Red	GR–S.
M—Yellow	GR–M (Neoprene).
I—Light Blue	GR–I (Butyl).

LIST 7—MANUFACTURE OF TIRE AND TUBE REPAIR MATERIALS

Manufacturing regulations. Natural rubber as required by the manufacturer may be consumed in tire and tube repair materials, except as provided in List 13.

LIST 8—MANUFACTURE OF TIRES

Manufacturing regulations. Natural rubber may be consumed in the manufacture of tires, rubber tracks and blocks as follows:

(1) Solid tires of all types, except where elsewhere listed; as required by the manufacturer.

(2) Rubber tracks and track blocks; as required by the manufacturer.

(3) In the sizes and types of pneumatic tire groups listed in Table A below, only the maximum percent of natural rubber specified as follows:

Table A—All types of pneumatic tires

NOTE: Table A Revised September 9, 1947.

Tire Groups—Size and Type	Maximum percent[1] natural rubber of total RHC, by weight, for wire, rayon, nylon or cotton tires.
11.00 and up (all types) and all wire tires	X
All airplane, all other inter-city bus mileage, all other low platform trailer, and 8.25 through 10.00 (all other types except tractor, implement and industrial pneumatic)	94
All other truck 7.50 and down (including 15" and 16" diameters) and 6.50 and up, passenger and industrial	67
6.00 "load rating" and down, passenger, motorcycle, industrial, implement and all front farm tractor	23
Bicycle, light weight	X
Bicycle, white sidewall balloon sizes	67
Bicycle, other balloon sizes	27
Rear farm tractor and all other farm implement	13

[1] *Tolerances.* Individual sizes may exceed the specified maximum percentage, provided the average natural rubber content of all sizes within the groups as listed in this Table A does not exceed the indicated maximum percentage. No tire within the groups permitted 94% or more natural rubber shall be manufactured with a natural rubber content more than 5% greater than the maximum allowable percentage of total RHC for tires in those groups. No tire within the groups permitted 67% or less shall be manufactured with a natural rubber content more than 20% greater than the maximum allowable percentage of total RHC for tires in each group. For example, a tire in the group in which a maximum of 23% of natural rubber is permitted, may be made with 43% natural rubber.

LIST 9—MANUFACTURE OF TIRE TUBES

(a) *Consumption of natural rubber in tire tubes.* (1) No natural rubber shall be consumed in tubes of 6.00, 6.25–6.50 and 6.50 cross section of 15" and 16" diameters, except that:

(i) In airplane, double air chamber, plastic sealing and compression safety tubes in those sizes, natural rubber may be consumed as required by the manufacturer;

(ii) In not to exceed 2% of a manufacturer's total production of tubes in those sizes in any calendar quarter, natural rubber may be consumed as required by the manufacturer;

(iii) In valves and valve parts for tubes in those sizes, natural rubber may be consumed as required by the manufacturer as specified in subparagraph (b) below.

(2) Except as limited in (1) above, natural rubber may be consumed as required by the manufacturer in all types and sizes of tubes.

(b) *Consumption of natural rubber in valves and valve parts.* Natural rubber may be consumed as required by the manufacturer in valves, valve caps, gaskets, valve adhesion pads, splicing gum strips and cements for all types and sizes of tubes.

(c) *Consumption of Butyl in tire tubes.* GR–I may be consumed as required by the manufacturer in all sizes and types of tubes.

(d) *Marking of synthetic tire tubes.* All tire tubes containing synthetic rubber shall be marked with a permanent circumferential colored stripe, approximately 3/8" wide, applied on the base section of the tube. The appropriate color shall be as determined from List 6.

LIST 10—MANUFACTURE OF TIRE FLAPS

Manufacturing regulations. (1) In the manufacture of flaps in the group for 11.00 cross section and larger tires, natural rubber may be consumed by the manufacturer as required by him.

(2) In the manufacture of flaps in the group for 10.00 cross section and smaller tires, the consumption of natural rubber shall not exceed in any quarter 50% of the total new RHC, by weight, consumed in the manufacture of all flaps in that group. No individual flap for 10.00 cross section and smaller tires shall contain natural rubber in excess of 94% of total new RHC.

LIST 13—MANUFACTURE OF RETREADING MATERIALS

Manufacturing regulations. The manufacture of retreading materials shall conform to the restrictions shown in the following table:

	Maximum percent natural rubber of total RHC by weight
Camelback for all airplane tires and all types for use on 8.25 and larger size tires of 5¾" crown width and 1 1/32 gauge and up	X
All other camelback	O
Padding stock (maximum thickness 1/16")	X
Stripping stock (maximum thickness 1/8")	X
Filling stock (maximum thickness 1/8")	X
Camelback cushion (maximum thickness 1/16")	X
Full circle curing tubes	X

Issued this 9th day of September 1947.

OFFICE OF MATERIALS DISTRIBUTION,
By RAYMOND S. HOOVER,
Issuance Officer.

[F. R. Doc. 47–8355; Filed, Sept. 9, 1947; 12:16 p. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 8070]

PART 9—AERONAUTICAL SERVICES

FREQUENCIES AVAILABLE

In the matter of amendment of § 9.411 (b) of the Commission's rules and regulations governing Aeronautical Services.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 29th day of August 1947;

The Commission having under consideration a proposal to extend the time within which airdrome control stations must supplement the use of 278 kc with one of the very high frequencies; and

It appearing, that because of equipment shortages, the installation of VHF equipment at all airdromes cannot be completed within the September 1, 1947 limitation presently set forth in § 9.411 (b) of the Commission's rules; and

It further appearing, that since the effect of the proposed amendment to § 9.411 (b) is to extend an existing exemption by extending the time within which licensees must comply with the terms of said section, general notice of proposed rule making would be impracticable under section 4 of the Administrative Procedure Act and this order may be made effective immediately; and

It further appearing, that authority for the proposed amendment is contained in sections 303 (b) and (r) of the Communications Act of 1934, as amended:

It is ordered, That effective immediately § 9.411 (b) of the rules and regulations governing the aeronautical services is amended to read as follows:

§ 9.411 *Frequencies available.* * * *

(b) 278 kilocycles: This frequency is available for assignment in addition to a very high frequency. Its use must be supplemented by a service on one of the very high frequencies: *Provided, however,* That until further notice of the Commission, upon application therefor, the Commission may exempt any station from the very high frequency service requirement when it appears that in the preservation of life and property in the air such service is not required at that station.

(Sec. 303 (b), 48 Stat. 1082; 303 (r), 50 Stat. 191; 47 U. S. C. 303 (b) 303 (r))

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47–8308; Filed, Sept. 9, 1947; 8:46 a. m.]

TITLE 49—TRANSPORTATION AND RAILROADS

Chapter I—Interstate Commerce Commission

Subchapter A—General Rules and Regulations

[Rev. S. O. 758, Corr. Amdt. 1]

PART 95—CAR SERVICE

FREE TIME AT PORTS ON GONDOLA CARS

At a session of the Interstate Commerce Commission, Division 3, held at its office in Washington, D. C., on the 2d day of September A. D. 1947.

Upon further consideration of the provisions of Revised Service Order No. 758 (12 F. R. 4886) and good cause appearing therefor; *It is ordered,* That:

Revised Service Order No. 758, be, and it is hereby, amended by substituting the following paragraph (b) of § 95.758 *Free time at ports on gondola cars,* for paragraph (b) thereof:

(b) *Computation of free time.* (1) All Sundays and legal holidays shall be included in computing the free time provided in paragraph (a) of this section.

(2) The free time provided in paragraph (a) of this section shall be computed continuously from the first 7:00 a. m. after notice of arrival is sent, or after actual or constructive placement (whichever occurs first) until final release, except that allowance shall be made when demurrage accrues because the railroad fails to render normal switching service.

It is further ordered, That this order shall become effective at 7:00 a. m., September 8, 1947; that a copy of this

order and direction be served upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and that notice of this order be given to the general public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

(40 Stat. 101, sec. 402, 41 Stat. 476, sec. 4, 54 Stat. 901; 49 U. S. C. 1 (10)–(17))

By the Commission, Division 3.

[SEAL] W. P. BARTEL, *Secretary.*

[F. R. Doc. 47-8291; Filed, Sept. 9, 1947; 8:45 a. m.]

Subchapter B—Carriers by Motor Vehicle

[Ex Parte No. MC-19]

PART 176—TRANSPORTATION OF HOUSEHOLD GOODS IN INTERSTATE OR FOREIGN COMMERCE

PRACTICES OF MOTOR COMMON CARRIERS OF HOUSEHOLD GOODS

At a session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 20th day of August A. D. 1947.

Upon consideration of a petition of respondent John F. Ivory Storage Company, Inc., for reconsideration and postponement of the effective date of a designated part of the order of April 25, 1947 (12 F. R. 3151), and of a petition of the Household Goods Carriers' Bureau and the Interstate Movers Tariff Bureau for postponement of the effective date of the said order of April 25, 1947, and for further hearing:

It is ordered, That the said order of April 25, 1947 (12 F. R. 3151), as modified by the order of July 14, 1947 (12 F. R. 4790), to the extent only that it relates to § 176.10, *Estimates of charges,* of the rules and regulations prescribed in the said order of April 25, 1947, is hereby further modified so as to become effective on January 1, 1948.

And it is further ordered, That the said proceeding, to the extent only that it relates to § 176.10, *Estimates of charges,* of the rules and regulations therein prescribed, is hereby reopened for reconsideration.

(49 Stat. 547, 554, 560; 49 U. S. C. 304 (c), 316 (e), 317 (a))

By the Commission, Division 5.

[SEAL] W. P. BARTEL, *Secretary.*

[F. R. Doc. 47-8290; Filed, Sept. 9, 1947; 8:45 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

[7 CFR, Part 968]

HANDLING OF MILK IN WICHITA, KANS., MARKETING AREA

NOTICE OF RECOMMENDED DECISION AND OPPORTUNITY TO FILE WRITTEN EXCEPTIONS WITH RESPECT TO PROPOSED AMENDMENTS TO TENTATIVELY APPROVED MARKETING AGREEMENT AND TO ORDER, AS AMENDED

Pursuant to the rules of practice and procedure governing proceedings to formulate marketing agreements and orders (7 CFR, Supps., 900.1 et seq.; 11 F. R. 7737; 12 F. R. 1159, 4904), notice is hereby given of the filing with the Hearing Clerk of the recommended decision of the Assistant Administrator, Production and Marketing Administration, United States Department of Agriculture, with respect to proposed amendments to the tentatively approved marketing agreement and to the order, as amended, regulating the handling of milk in the Wichita, Kansas, marketing area to be made effective pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.). Interested parties may file written exceptions with the Hearing Clerk, Room 0308, South Building, United States Department of Agriculture, Washington 25, D. C., not later than the close of business on the 5th day after publication of this recommended decision in the FEDERAL REGISTER. Exceptions should be filed in quadruplicate.

Preliminary statement. The hearing on the record of which the proposed amendments to the tentatively approved marketing agreement and to the order, as amended, were formulated was conducted at Wichita, Kansas, on July 24 and 25, 1947, after the issuance of notice on July 11, 1947 (12 F. R. 4731).

The material issues on the record related to (1) the definitions of handler, approved plant and milk product, (2) the classification of milk, (3) transfers of milk between handlers and nonhandlers, (4) minimum Class I and Class II prices through the coming short season, (5) the receipt of other source milk, and (6) a revision of the "base plan."

Findings and conclusions. Upon the basis of the evidence adduced at such hearing it is hereby found and concluded that:

1. The definition of the term "handler" should be revised to restrict its application to a plant or plants which have been approved by the health authorities of the City of Wichita. Likewise the term "approved plant" should be defined. This definition in conjunction with the revised definition of "handler," should eliminate any possibility of the order's being interpreted in such a way that a handler would be required to report the receipts and utilization of milk at plants operated by him but which do not dispose of Class I or Class II milk within the marketing area.

It is also proposed that a milk product be defined as any product of milk, except Class III products which are disposed in the form in which received without further processing or packaging by the handler. Many handlers act as distributors for a line of packaged products such as fancy cheeses, powdered mixes, etc., and under a strict interpretation of the present provision they would be required to make a full report of the receipts and sales of these products each month. The proposed definition will eliminate the necessity for filing reports with respect to these products.

2. From the evidence it appears that the classification of milk should be as follows: Class I should include all milk, skim milk, flavored milk and buttermilk disposed of for fluid consumption, all unaccounted for milk in excess of 3 percent of total receipts (except receipts from other handlers) and all milk not specifically classified as Class II or Class III milk. Class II milk should include all milk disposed of as cream, cottage cheese, aerated cream, eggnog, and substandard cream products. Class III milk should include butter, cheese, and other manufactured dairy products, milk sold to wholesale bakeries, etc., route returns from which the salvage of fat is impossible, and unaccounted for milk up to 3 percent of receipts (except receipts from other handlers).

The evidence indicates that buttermilk, flavored milk drinks and bottled skim milk should be in Class I regardless of their butterfat content. They must meet the same health requirements as fluid whole milk and they are competitive with it, whether or not they contain any appreciable amount of butterfat. Therefore the requirement in the present order limiting Class I products to those containing more than 1 percent butterfat should be dropped.

While the language has been changed the product classification of Class II which is proposed herein is the same as in the present order except for the reclassification of buttermilk and flavored milk drinks discussed above. The evidence fails to show any grounds for the reclassification of aerated cream, eggnog or cottage cheese as Class III as was proposed by the handlers.

Class III remains essentially the same as in the present order although the product classification has been spelled out in much greater detail. It varies from the present order only in that any new product shall be Class I rather than Class III.

3. There appears in the record considerable testimony with respect to the proper classification of milk and cream which is transferred by a handler to a nonhandler. This problem is further

complicated by the fact that most handlers receive type "C" milk for manufacturing purposes as well as graded milk from producers. From the evidence it appears that type "C" milk, when sold to a nonhandler, should be Class III as long as it is so labeled, since it may not be used for Class I or Class II purposes.

Except as noted above, it appears that any milk moved to a plant more than 100 miles distant from the marketing area should be Class I if moved in the form of milk or skim milk, and Class II if moved in the form of cream. There is little controversy with respect to the classification of milk so moved since milk is seldom, if ever, moved that distance except for fluid purposes. Cream, however, is at times moved long distances for manufacturing, especially into ice cream. The handlers contend that classification of such cream as Class II would hamper their business. However, the record indicates that most sales of this nature are of type "C" cream and that very little graded cream is ever available for such sales. Therefore it appears that the proposed classification would have little if any effect upon these sales.

It was proposed that any cream shipped to a purely manufacturing plant regardless of distance, should be Class III. Since the purpose of the hundred mile limitation is to obviate the necessity of the market administrator's traveling great distances to verify the utilization of small lots of milk, it appears that adoption of such a proposal would defeat this purpose. Were this proposal adopted it appears that the market administrator would be required to inspect such plants to determine whether they were engaged solely in manufacturing, or whether they also conducted a fluid distribution business.

A further proposal was that the market administrator accept without further verification a sworn affidavit of the use of cream shipped more than 100 miles. Obviously such a proposal is impracticable since it would permit unlimited opportunity for evasion of the order by unscrupulous persons.

From the evidence it appears that the provisions contained herein for the classification of milk transferred from a handler to a nonhandler are reasonable.

4. It appears that minimum Class I and Class II prices should be fixed for the delivery periods prior to March 1, 1948.

While it appears that under normal conditions the existing Class I and Class II prices which are 80 cents and 55 cents respectively over the basic formula price (either the price paid by a group of condenseries or the price resulting from a formula based on the market values of butter and nonfat dry milk solids) would be adequate, existing economic conditions are such that they seem inadequate at the present time. During recent months the prices of manufactured dairy products, on which the Class I and Class II prices are based have fallen sharply. During the same period there has been a substantial increase in the cost of feeds, labor, cows, etc. The price of competing farm commodities such as hogs, beef and grains, especially wheat and corn have also increased rapidly.

Since the territory in the vicinity of Wichita is a diversified farm area and farmers can readily shift from dairying to other livestock and grains, it is necessary that the returns from dairying be maintained close to the returns from other farm commodities. Otherwise farmers will transfer their emphasis from dairying to other enterprises and a serious shortage of milk might develop in consequence.

In view of the present high prices of beef, hogs, and wheat, and the greatly increased costs of feeds, labor, cows, etc., it appears that producers must be assured that returns from dairying will be sufficient to cover their increased costs during the fall and winter months of heavy feeding. Without this assurance there is a distinct likelihood that producers will reduce or completely disperse their dairy herds and concentrate on the production of wheat and livestock, the returns from which are very favorable when compared to dairying. Therefore it appears that producers should be guaranteed minimum prices at least through February 1948. The proposal to extend these minimum prices only through December 1947 appears inadequate since it is felt that the efficiency of the program would be lost if producers were guaranteed a price for only a portion of the fall and winter season.

Handlers objected to any consideration of an extension of these prices beyond December 1946. Nevertheless it is felt that conditions in the market, as shown by the evidence, are such that the proposed prices should prevail through February 1948. Therefore it is proposed that the Class I and Class II prices for any delivery period prior to March 1, 1948 shall be not less than $5.00 per hundredweight and $4.75 per hundredweight, respectively.

The evidence indicates that during the period January 1946 to July 1947, there has been an increase of 18 percent in the average cost of factors affecting milk production such as feeds, labor, cows, etc. The proposed minimum prices represent an increase of only 15 percent over the prices which were in effect in June 1946 plus the subsidy which was being paid producers at that time. Thus the proposed increase is barely sufficient to cover the increased costs to producers. During the same period the average prices of beef, hogs, and wheat have increased 52 percent, 68 percent, and 21.5 percent, respectively.

The proposed prices are also substantially below the prices received by farmers last fall and winter, being 74 cents per hundredweight below the peak price of December 1946, and 43 cents below the average price for the period October 1946 to February 1947.

5. The existing order provides that if a handler uses other source milk in Class I or Class II when producer milk is available for such use he must pay into the producer-settlement fund the difference between the Class III price and the price of the class in which such milk was used. It appears desirable to clarify the meaning of the word, "available." It is proposed that the payment above described shall not apply whenever milk is available to the handler either directly from producers or from other handlers at the class prices. It appears reasonable to consider that milk is available when it may be obtained at the class prices for such milk provided in the order. This protects the handler by freeing him from any obligation to purchase milk at an exorbitant handling charge, and it protects producers by making it easier to shift milk between plants as it is needed. The argument advanced by one handler that milk should not be considered available unless it could be secured from the same source in any desired quantity every day in the year appears to be too unreasonable.

6. It is also proposed that the "base plan" in the order be made more flexible. The present plan is very rigid and makes it extremely difficult for a producer to increase his base. This could cause some inequity by preventing producers from sharing in the increased milk sales as they increase their production which is needed on the market.

The proposal contained herein provides for the establishment of new bases each year. Thus the producer who increases his production during the year is virtually assured of having his base increased the following year if the increase occurs during the short months when production is most needed on the market. Since the bases are set on the production during the short months, the producers who are desirous of having a larger base will be required to produce milk when it is most needed on the market. This should tend to level off the seasonal peaks of production and should result in a more adequate supply during the late summer and fall months and a less burdensome surplus during the spring months of flush production.

The producers also proposed that whenever base deliveries are less than the total Class I and Class II sales each producer should be given an emergency base to bring bases up to Class I and Class II sales. The purpose of this is to create equity and pay producers the base price for surplus milk which is used in Class I or Class II. Without some provision of this kind the difference between the surplus price and the Class I or Class II price would be used to inflate the base price.

The amount of work involved in computing emergency bases, however, would be very great and in some instances the amount of the increase in base would amount to only a fraction of a pound. The same result could be achieved, and without any additional work by adoption of the proposed plan whereby the surplus price, instead of being the Class III price would be the actual value of the surplus milk according to its use classification. Base milk would be allocated to the top utilization on the market, and the surplus milk would be allocated to the remaining utilization and priced accordingly. Therefore it has been proposed that no emergency bases be computed, and that surplus milk be priced according to its actual classification instead of at the Class III price.

Several other proposals were contained in the notice of hearing but no evidence was presented with respect to them.

Proposed findings and conclusions. Briefs were filed on behalf of the handlers and on behalf of the Wichita Milk Producers Association. Every point covered in the briefs was carefully considered

along with the evidence in the record in making the findings and reaching the conclusions hereinbefore set forth. To the extent that any findings and conclusions were proposed which are inconsistent with the proposed findings and conclusions contained herein, the request to make such findings or reach such conclusions is denied on the basis of the facts found and stated in connection with the conclusions in this recommended decision.

Recommended Marketing Agreement and Amendments to the Order. The following amendments to the order, as amended, are recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The recommended marketing agreement is not included in this recommended decision because the regulatory provisions thereof would be the same as those contained in the order, as amended, and as proposed here to be further amended.

1. Amend § 968.1 by deleting paragraph (f) thereof and substituting therefor the following:

(f) "Handler" means any person who, on his own behalf or on behalf of others, disposes of as Class I or Class II milk in the marketing area all or a portion of the milk purchased or received by him at an approved plant from (1) producers, (2) his own production, and (3) other handlers. This definition shall include a cooperative association with respect to milk which it causes to be delivered from a producer to a plant from which no milk is disposed of as Class I milk or as Class II milk in the marketing area.

2. Further amend § 968.1 by adding thereto the following paragraphs:

(j) "Approved plant" means any plant approved by the health authorities of the city of Wichita, Kansas, for the handling of milk to be disposed of for fluid consumption as milk in the marketing area and currently used for any or all the functions of receiving, weighing (or measuring), sampling, cooling, pasteurizing or other preparation of milk for sale or disposition as milk or cream for fluid consumption in the marketing area.

(k) "Milk product" means any product manufactured from milk or milk ingredients except products which fall within the definition of Class III milk pursuant to subparagraph (3) of paragraph (b) of § 968.3 and which are disposed of in the form in which received without further processing or packaging by the handler.

3. Delete paragraph (a) of § 968.3 and substitute therefor the following:

(a) *Basis of classification.* All milk and milk products purchased, received or produced by each handler, including milk of a producer which a cooperative association causes to be delivered to a plant from which no milk is disposed of in the marketing area, shall be reported by the handler in the classes set forth in paragraph (b) of this section subject to the following conditions:

(1) Except as provided in subparagraph (3) of this paragraph, milk, skim milk, or cream moved in fluid form from an approved plant to an unapproved plant located more than 100 miles from the approved plant shall be Class I if moved in the form of milk or skim milk, and Class II if moved in the form of cream.

(2) Except as provided in subparagraph (3) of this paragraph, milk, skim milk, or cream moved in fluid form from an approved plant to an unapproved plant located not more than 100 miles from the approved plant and from which fluid milk and cream are distributed, shall be Class I if moved in the form of milk or skim milk and Class II if moved in the form of cream, unless the purchaser certifies that the market administrator may verify his records. If the market administrator is permitted to verify the necessary records such milk, skim milk or cream, shall be classified as follows: (i) determine the classification of all milk received in the unapproved plant, and (ii) allocate the milk, skim milk, or cream received from the approved plant to the highest use classification remaining after subtracting in series beginning with the highest use classification, the receipts of milk at such unapproved plant directly from dairy farmers who the market administrator determines constitute its regular source of milk for Class I and Class II use.

(3) Milk, skim milk, or cream, which is moved to an unapproved plant from an approved plant which regularly receives type C milk, and which is sold as "type C milk for manufacturing only" and is so tagged or labeled, may be classified as Class III milk up to the extent of the receipt of type C milk at the approved plant.

(4) Except as provided in subparagraph (1) of this paragraph, milk, skim milk, or cream, moved from an approved plant to an unapproved plant which does not distribute fluid milk or cream shall be classified as Class III milk.

(5) Milk or skim milk sold or disposed of by a handler who purchases or receives milk from producers to another handler shall be classified as Class I milk: *Provided,* That if such milk or skim milk, except milk or skim milk sold or disposed of by such handler to another handler who purchases or receives no milk from producers, is reported by the receiving handler or by the disposing handler as having been utilized as Class II milk or Class III milk, it shall be classified accordingly but in no event shall the amount classified in any class exceed the total use in such class by the receiving handler.

(6) Cream sold or disposed of as fluid cream by a handler who purchases or receives milk from producers to another handler shall be classified as Class II milk: *Provided,* That if such cream, except cream sold or disposed of by such handler to another handler who purchases or receives no milk from producers, is reported by the receiving handler or by the disposing handler as having been utilized as Class III milk, such cream shall be classified accordingly but in no event shall the amount classified in any class exceed the total use in such class by the receiving handler.

(7) Milk, skim milk, or cream sold or disposed of by a handler who receives no milk from producers to another handler who receives milk from producers shall be classified in the lowest use classification of the purchasing handler.

4. Delete paragraph (b) of § 968.3 and substitute therefor the following:

(b) *Classes of utilization.* Subject to the conditions set forth in paragraph (a) of this section the classes of utilization shall be as follows:

(1) Class I milk shall be all milk and skim milk disposed of for consumption as milk, skim milk, buttermilk, flavored milk and milk drinks, and all milk not classified as Class II milk or Class III pursuant to subparagraphs (2) and (3) of this paragraph.

(2) Class II milk shall be all milk used to produce cream which is disposed of in the form of cream (other than for use in products specified in subparagraph (3) of this paragraph), cottage cheese, products sold or disposed of in the form of cream testing less than 18 percent butterfat, aerated cream, and eggnog.

(3) Class III milk shall be all milk, used to produce butter, cheese (other than cottage cheese), evaporated milk, condensed milk, ice cream, ice cream mix and powdered milk; disposed of as livestock feed; used for starter churning, wholesale baking and candy making purposes; the milk equivalent of butterfat accounted for as loss in products where the salvage of fat is impossible; and the milk equivalent of unaccounted for butterfat not in excess of 3 percent of the total receipts of butterfat other than receipts from other handlers.

5. Delete subparagraphs (1), (2), and (3) of paragraph (d) of § 968.3 and substitute therefor the following:

(1) Determine the total pounds of milk received as follows: add together total pounds of milk received at approved plants from (i) producers, (ii) own farm production, (iii) other handlers, and (iv) other sources.

(2) Determine the total pounds of butterfat received as follows: (i) multiply by its average butterfat test the weight of the milk received at approved plants from (*a*) producers, (*b*) own farm production, (*c*) other handlers, and (*d*) other sources, and (ii) add together the resulting amounts.

(3) Determine the total pounds of milk in Class I as follows: (i) convert to pounds the quantity of Class I milk on the basis of 2.15 pounds per quart, and subtract the weight of any flavoring materials included, (ii) multiply the result by the average butterfat test of such milk, and (iii) if the quantity of butterfat so computed when added to the pounds of butterfat in Class II milk and Class III milk, computed pursuant to subdivisions (4) (ii) and (5) (iv) of this paragraph is less than the total pounds of butterfat received computed in accordance with subparagraph (2) of this paragraph, an amount equal to the difference shall be divided by 3.8 percent and added to the quantity of milk determined pursuant to subdivision (i) of this subparagraph.

6. Add to § 968.4 (a) (1) the following proviso: "*Provided,* That for any delivery

period prior to March 1, 1948, the price shall be not less than $5.00."

7. Add to § 968.4 (a) (2) the following proviso: "*Provided*, That for any delivery period prior to March 1, 1948, the price shall be not less than $4.75."

8. Amend paragraph (e) of § 968.6 by adding thereto the following phrase: "either directly from producers or at the plant of another handler at the class prices provided pursuant to § 968.4 (a) (1) and (2)."

9. Delete subparagraph (5) of paragraph (b) of § 968.7 and substitute therefor the following:

(5) Compute the total value of the milk which is in excess of the delivered base of producers computed pursuant to subparagraph (4) of this paragraph and which is included in the computation pursuant to paragraph (a) of this section as follows: (i) determine the classification of milk in excess of base by allocating such milk first to Class III milk and then to each succeeding higher classification until all such milk has been classified; (ii) multiply the total pounds of excess milk allocated to each class by the appropriate class prices provided in paragraph (a) of § 968.4; and (iii) add together the resulting amounts.

10. Amend § 968.7 (b) by renumbering subparagraph (8) as subparagraph (9) and inserting as subparagraph (8) the following:

(8) Divide the result obtained in subparagraph (5) of this paragraph by the total hundredweight of milk in excess of the delivered base of producers. This result shall be known as the "excess price" for such delivery period.

11. Delete § 968.8 (a) (2) and substitute therefor the following:

(2) To each producer, except as set forth in subparagraph (3) of this paragraph, not less than the excess price, computed pursuant to § 968.7 (b) (8), for that quantity of milk received from such producer in excess of such producer's base; and

12. Delete § 968.9 and substitute therefor the following:

§ 968.9 *Base rating*—(a) *Determination of period base.* For each delivery period the base of each producer shall be a quantity of milk calculated by the market administrator in the following manner: multiply the applicable figure computed pursuant to (b) (1), (b) (2) or (b) (3) of this section by the number of days during such delivery period on which milk was received from such producer.

(b) *Determination of daily base.* (1) Effective January 1, 1948, and for each subsequent year thereafter the daily base of each producer, who regularly delivered milk to a handler during the next previous delivery periods of August, September, October, and November shall be computed by the market administrator in the following manner:

(i) Determine for each such producer his average daily delivery of milk to a handler for the time he delivered during the period from the next previous August 1 to November 30.

(2) The daily base of each producer who did not regularly deliver milk to a handler during the next previous delivery periods of August, September, October, and November but who began deliveries of milk to a handler subsequent to August 31 shall be computed by the market administrator in the following manner:

(i) For each delivery period from the date upon which the producer first delivers milk to a handler until the end of the next full calendar year the market administrator shall multiply such producer's daily average deliveries of milk during each period by the percentage that total base deliveries are to total deliveries of all producers.

(3) In case of a handler who is also a producer and who disposes of all of his delivery routes to another handler who is not a producer, the market administrator shall determine the daily average of the total sales of Class I milk and Class II milk by such producer during the preceding three months. The figures so determined shall be such producer's base until his base may be established pursuant to subparagraph (1).

(c) *Base rules.* (1). Any producer who ceases to deliver milk to a handler for a period of more than 30 consecutive days shall forfeit his base. In the event such producer thereafter commences to deliver milk to a handler he shall be allotted a daily base computed in the manner provided in subparagraph (b) (1) or (b) (2) of this section.

(2) A landlord who rents on a share basis shall be entitled to the entire daily base to the exclusion of the tenant if the landlord owns the entire herd. A tenant who rents on a share basis shall be entitled to the entire daily base to the exclusion of the landlord if the tenant owns the entire herd. If the cattle are jointly owned by the tenant and landlord, the daily base shall be divided between the joint owners according to ownership of the cattle when such share basis is terminated.

(3) A producer, whether landlord or tenant, may retain his base when moving his entire herd of cows from one farm to another; *Provided*, That at the beginning of a tenant and landlord relationship the base of each landlord and tenant may be combined and may be divided when such relationship is terminated.

(4) Base may be transferred only under the following conditions: (i) in case of the death of a producer, his base may be transferred to a surviving member or members of his family who carry on the dairy operations, and (ii) on the retirement of a producer, his base may be transferred to an immediate member of his family who carries on the dairy operations.

(5) The base of two producers may be combined in the case of forming a partnership, or may be divided in the case of the dissolution of a partnership.

(6) For the purposes of this section only, the term "producer" shall include any person who has been a producer as defined in § 968.1 (e), but whom the Witchita Board of Health has suspended temporarily for failure to produce milk in conformity with the applicable health regulations of the City of Witchita, Kansas.

Filed at Washington, D. C. this 5th day of September 1947.

[SEAL] S. R. NEWELL,
Acting Assistant Administrator.

[F. R. Doc. 47-8332; Filed, Sept. 9, 1947; 8:46 a. m.]

INTERSTATE COMMERCE COMMISSION

[49 CFR, Part 324]

MODIFICATION OF UNIFORM SYSTEM OF ACCOUNTS FOR CARRIERS BY INLAND AND COASTAL WATERWAYS

PROPOSED RULE MAKING

At a session of the Interstate Commerce Commission, Division 1, held at its office in Washington, D. C., on the 22d day of August A. D. 1947.

The matter of the "Uniform System of Accounts for Carriers by Inland and Coastal Waterways," being under consideration by the division pursuant to the provisions of section 20 of Part I and section 313 of Part III of the Interstate Commerce Act, as amended, and the following modification being deemed necessary for administration of the provisions of Parts I and III of the act (54 Stat. 917 and 944, 49 U. S. C. 20 (3) and 313 (c)); *It is ordered*, That:

(1) Any interested party may on or before September 30, 1947, file with the Commission's Secretary a written statement of reasons why the said modification should not become effective as hereinafter ordered and request oral argument hereon, which request will be granted if the reasons be substantial; and

(2) Unless otherwise ordered upon consideration of such objections, the said modification shall become effective January 1, 1948; and

(3) A copy of this order shall be served upon every carrier by water on inland and coastal waterways and every lessor thereof subject to the act, and upon every trustee, receiver, executor, administrator, or assignee of any such carrier or lessor, and that notice of this order be given to the general public by depositing a copy thereof in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Direcor of the Division of the Federal Register.

BALANCE-SHEET INSTRUCTIONS

Cancel paragraph (e) of § 324.26 *Discount, expense, and premium on capital stock* and substitute the following:

(e) If reacquired capital stock is resold, the difference between the amount at which such stock is recorded in the accounts and the net sale price realized from its sale shall be included in account 250.1, "Paid-in surplus," except that debits to that account shall be limited to the accumulated credits therein applicable to that particular class of stock and any excess shall be charged to account 285, "Miscellaneous debits."

By the Commission, Division 1.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 47-8292; Filed, Sept. 9, 1947; 8:45 a. m.]

NOTICES

NAVY DEPARTMENT

[No. 8]

DESTROYERS (DD), MINESWEEPERS, HIGH SPEED (DMS), LIGHT MINE LAYERS (DM), HIGH SPEED TRANSPORTS (APD), AND DESTROYER ESCORT VESSELS (DE)

NAVIGATION LIGHTS

Whereas, the act of 3 December 1945 (Public Law 239, 79th Congress) provides that any requirement as to the number, position, range of visibility or arc of visibility of navigation lights, required to be displayed by naval vessels under acts of Congress, as enumerated in said act of December 3, 1945, shall not apply to any vessel of the Navy where the Secretary of the Navy shall find or certify that, by reason of special construction, it is not possible with respect to such vessel or class of vessels to comply with statutory requirements as to the number, position, range of visibility or arc of visibility of navigation lights; and

Whereas, a study of the arrangement and position of the navigation lights of that type of naval vessels, known as Destroyers (DD); Minesweepers, High Speed (DMS); Light Mine Layers (DM); High Speed Transports (APD); and Destroyer Escort Vessels (DE), has been made in the Navy Department and, as a result of such study, it has been determined that because of their special construction it is not possible for the types of naval vessels designated above to comply with the requirements of the statutes enumerated in said act of December 3, 1945;

Now, therefore, I, James Forrestal, Secretary of the Navy, as a result of the aforesaid study do hereby find and certify that the type of naval vessels designated above are naval vessels of special construction and that on such vessels, with respect to the position of the additional white light (commonly termed the range light), it is not possible to comply with the requirements of the statutes enumerated in the act of December 3, 1945. Further, I do find and certify that it is feasible to locate the said additional white light (commonly termed the range light), if such light is installed, forward of the masthead light in such position that the said additional white light and the masthead light shall be in line with the keel and the after light shall be at least fifteen feet higher than the forward light and the vertical distance between the two lights shall be less than the horizontal distance. I further direct that the aforesaid additional white light, if such light is installed, shall be located in the manner described and I further certify that such location constitutes compliance as closely with the applicable statutes as I hereby find to be feasible.

Dated at Washington, D. C., this 17th day of July A. D. 1947.

JAMES FORRESTAL,
Secretary of the Navy.

[F. R. Doc. 47-8295; Filed, Sept. 9, 1947; 8:49 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 6346, 7117]

DEEP SOUTH BROADCASTING CORP. AND JAMES A. NOE (WNOE)

ORDER CONTINUING HEARING

In re applications of Deep South Broadcasting Corporation, New Orleans, Louisiana, for construction permit, Docket No. 7117, File No. BP-3687; James A. Noe (WNOE), New Orleans, Louisiana, Docket No. 6346, File No. BP-3466, for construction permit.

The Commission having scheduled a further consolidated hearing on the above-entitled applications for 10:00 o'clock a. m., Thursday, September 4, 1947, at Washington, D. C.; and

It appearing, that public interest, convenience and necessity would be served by a continuance of said further hearing;

It is ordered, This 29th day of August, 1947, that, on the Commission's own motion, the said further hearing on the above-entitled applications be, and it is hereby, continued without date until further order of the Commission.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8304; Filed, Sept. 9, 1947; 8:45 a. m.]

[Docket Nos. 8153, 8154, 8499]

FRANCISCO RENTAL CO. ET AL.

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re application of O. E. Bohlen and O. L. Bohlen, d/b as Francisco Rental Company, Victorville, California, Docket No. 8153, File No. BP-5556; Roy M. Ledford and Kenneth A. Johns, d/b as Riverside Broadcasting Company, Riverside, California, Docket No. 8154, File No. BP-5807; Edward Iannelli and John C. Mead, d/b as Redlands Broadcasting Company, Redlands, California, Docket No. 8499, File No. BP-6099; for construction permit.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 28th day of August 1947;

The Commission having under consideration the above-entitled application of Edward Iannelli and John C. Mead, d/b as Redlands Broadcasting Company (File No. BP-6099; Docket No. 8499), requesting a construction permit for a new standard broadcast station to operate on 990 kc, with 250 w power, daytime only, at Redlands, California;

It appearing, that the Commission on February 27, 1947, designated for hearing in a consolidated proceeding the applications of O. E. Bohlen and O. L. Bohlen, d/b as Francisco Rental Company (File No. BP-5556; Docket No. 8153), requesting a construction permit for a new standard broadcast station to operate on 960 kc, 5 kw, daytime only, at Victorville, California, and of Roy M. Ledford and Kenneth A. Johns, d/b as Riverside Broadcasting Co. (File No. BP-5807; Docket No. 8154) requesting a construction permit for a new standard broadcast station to operate on 960 kc, 1 kw, daytime only, at Riverside, California;

It is ordered, That pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application for Redlands Broadcasting Company be, and it is hereby, designated for hearing in the above consolidated proceeding at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant partnership and the partners to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed station and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with station KFWB, Los Angeles, California, or with any other existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed station would involve objectionable interference with the services proposed in the pending applications of Francisco Rental Company, Victorville, California and Riverside Broadcasting Company, Riverside, California, or in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed station would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine on a comparative basis which, if any, of the applications in this consolidated proceeding should be granted.

It is further ordered, That Warner Bros. Broadcasting Corporation, licensee of Station KFWB, Los Angeles, California, be, and it is hereby, made a party to this proceeding; and

It is further ordered, That the Commission's order of February 27, 1947, designating the above-entitled applications of Francisco Rental Company and Riverside Broadcasting Co., for a consolidated hearing, be, and it is hereby,

amended to include the above-entitled application of Redlands Broadcasting Corporation.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8305; Filed, Sept. 9, 1947; 8:45 a. m.]

[Docket No. 8477]

CHARGES FOR UNITED STATES GOVERNMENT DOMESTIC TELEGRAPH COMMUNICATIONS

ORDER SCHEDULING ORAL ARGUMENT

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 28th day of August 1947;

It is ordered, That oral argument by the parties herein shall be held immediately upon the conclusion of the taking of the evidence, and the parties shall be prepared to proceed accordingly.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8306; Filed, Sept. 9, 1947; 8:45 a. m.]

[Docket Nos. 8344, 8402, 8403]

FOSS LAUNCH AND TUG CO. ET AL.

NOTICE OF HEARING

In re applications of Foss Launch and Tug Company, Seattle, Washington, Docket No. 8344, File No. PEB-709/710; Meseck Towing Lines, Inc., New York, New York, Docket No. 8402, File No. PEB-7662/7663; Moran Towing & Transportation Co., New York, New York, Docket No. 8403, File No. PEB-9730/9731; for construction permits in the experimental service.

In accordance with Commission action of August 28, 1947, you are hereby notified that the hearing in the above-entitled proceeding will be held at ten o'clock a. m. in the offices of the Commission in Washington, D. C., on November 3, 1947.

Dated: September 2, 1947.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8307; Filed, Sept. 9, 1947; 8:46 a. m.]

[Docket No. 8500]

ARI-NE-MEX BROADCASTING CORP.

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In re application of Ari-Ne-Mex Broadcasting Corporation, Esconido, California, for construction permit; Docket No. 8500, File No. BP-5819.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 28th day of August 1947;

The Commission having under consideration the above-entitled application requesting a construction permit for a new standard broadcast station to operate on the frequency 1400 kc, with 250 w power, at Escondido, California;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application be, and it is hereby designated for hearing at a time and place to be, designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant corporation, its officers, directors and stockholders to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain primary service from the operation of the proposed station and the character of other broadcast service available to those areas and populations.

3. To determine the type and charater of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with station KREO, Indio, California, or with any other existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed station would involve objectionable interference with the services proposed in any pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed station would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

It is further ordered, That Broadcasting Corporation of America, licensee of station KREO, Indio, California, be, and it is, hereby made a party to this proceeding.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8309; Filed, Sept. 9, 1947; 8:46 a. m.]

[Docket No. 8502]

ARI-NE-MEX BROADCASTING CORP.

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In re application of Ari-Ne-Mex Broadcasting Corporation, Clayton, New Mexico, for construction permit; Docket No. 8502, File No. BP-5879.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 28th day of August 1947;

The Commission having under consideration the above-entitled application requesting a construction permit for a new standard broadcast station to operate on the frequency 1450 kc, with 250 w power, unlimited time, at Clayton, New Mexico.

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application be, and it is hereby, designated for hearing at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial and other qualifications of the applicant corporation, its officers, directors and stockholders to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain primary service from the operation of the proposed station and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed station would involve objectionable interference with the services proposed in any pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed station would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8310; Filed, Sept. 9, 1947; 8:46 a. m.]

[Docket Nos. 8254, 8506]

MT. PLEASANT BROADCASTING CO. AND R. G. LETOURNEAU

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of Winston O. Ward, tr/as Mt. Pleasant Broadcasting Company, Mt. Pleasant, Texas, Docket No. 8254, File No. BP-5439; R. G. Le-Tourneau, Longview, Texas, Docket No. 8506, File No. BP-6195; for construction permits.

At a session of the Federal Communications Commission, held at its offices in

Washington, D. C., on the 28th day of August 1947:

The Commission having under consideration the above-entitled applications of Winston O. Ward, tr/as Mt. Pleasant Broadcasting Company, requesting a construction permit for a new standard broadcast station to operate on 960 kc, with 1 kw power, daytime only, at Mt. Pleasant, Texas, and R. G. LeTourneau, requesting a construction permit for a new standard broadcast station to operate on 960 kc, with 5 kw power, daytime only, at Longview, Texas;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said applications be, and they are hereby, designated for hearing in a consolidated proceeding at a time and place to be designated by subsequent order of the Commission, each upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed station and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of either proposed station would involve objectionable interference with the services proposed in the pending application of the other or in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed station would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine on a comparative basis which, if either, of the applications in this consolidated proceeding should be granted.

By the Commission.

[SEAL] WM. P. MASSING, *Acting Secretary.*

[F. R. Doc. 47-8311; Filed, Sept. 9, 1947; 8:46 a. m.]

[Docket Nos. 8447, 8503]

WABASH BROADCASTING CO., INC., ET AL.

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of Wabash Broadcasting Company, Incorporated, Lafayette, Indiana, Docket No. 8447, File No. BP-6037; O. E. Richardson, Joe Gibbs Spring and Robert C. Adair, a partnership, Crawfordsville, Indiana, Docket No. 8503, File No. BP-6172; for construction permit.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 28th day of August 1947;

The Commission having under consideration the above-entitled application of O. E. Richardson, etc., requesting a construction permit for a new standard broadcast station to operate on 1340 kc, with 100 w power, unlimited time, at Crawfordsville, Indiana; and

It appearing, that the Commission on June 26, 1947, designated for hearing the application of Wabash Broadcasting Company, Incorporated (File No. BP-6037; Docket No. 8447) requesting a construction permit for a new standard broadcasting station to operate on 1340 kc, with 250 w. power, unlimited time, at Lafayette, Indiana, with Joliet Broadcasting Co., Commodore Broadcasting Incorporated, Donald L. Burton and the Truth Publishing Co., Inc., licensees of WJOL, WSOY, WLBC and WTRC, respectively, made parties to the proceeding;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application of O. E. Richardson, Joe Gibbs Spring and Robert C. Adair be, and it is hereby, designated for hearing in a consolidated proceeding with the application of Wabash Broadcasting Company, Incorporated, at a time and place to be designated by subsequent order of the Commission upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant partnership and the partners to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed station and the character of the other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with Stations WLBC, Muncie, Indiana and WSOY, Decatur, Illinois, or with any other existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed station would involve objectionable interference with the services proposed in the pending applications of Radio Bedford, Inc., Bedford, Indiana (File No. BP-5346; Docket No. 7944), Sarkes Tarzian, Bloomington, Indiana (File No. BP-5278; Docket No. 7943) and the other application in this proceeding, or in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed station would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning that will exist between the service areas Standard Broadcast Stations.

7. To determine the overlap, if any, of the proposed station and of station WASK at Lafayette, Indiana, the nature and extent thereof, and whether such overlap, if any, is in contravention of § 3.35 of the Commission's rules.

8. To determine on a comparative basis which, if either, of the applications in this consolidated proceeding should be granted.

It is further ordered, That the Commission's order of June 26, 1947, designating the above-entitled application of Wabash Broadcasting Company, Incorporated (File No. BP-6037; Docket No. 8447) for hearing and naming the several above-mentioned party respondents, be, and it is hereby, amended, to include the above-entitled application of O. E. Richardson, Joe Gibbs Spring and Robert C. Adair (File No. BP-6172) and Issue No. 8, stated above.

By the Commission.

[SEAL] WM. P. MASSING, *Acting Secretary.*

[F. R. Doc. 47-8312; Filed, Sept. 9, 1947; 8:47 a. m.]

[Docket Nos. 8507, 8508]

ST. ANDREW BAY BROADCASTING CO. AND BAY COUNTY BROADCASTING CO.

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re application of The St. Andrew Bay Broadcasting Co., Panama City, Florida, Docket No. 8507, File No. BP-6170; Edward G. Holmes and E. L. Dukate, a partnership d/b as Bay County Broadcasting Company, Panama City, Florida, Docket No. 8508, File No. BP-6254; for construction permits.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 28th day of August 1947;

The Commission having under consideration the above-entitled applications each requesting a construction permit for new standard broadcast station to operate on the frequency 1400 kc, with 250 w power, unlimited time, at Panama City, Florida;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said applications be, and they are hereby, designated for hearing in a consolidated proceeding at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant partnership and the partners and of the applicant corporation, its officers, directors and stockholders to construct and operate their proposed station.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed stations and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed stations would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed stations would involve objectionable interference with the services proposed in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed stations would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine on a comparative basis which, if either, of the applications in this consolidated proceeding should be granted.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8313; Filed, Sept. 9, 1947; 8:47 a. m.]

[Docket No. 8509]

WEST ALLIS BROADCASTING CO.

ORDER DESIGNATING APLICATION FOR HEARING ON STATED ISSUES

In re application of West Allis Broadcasting Company, West Allis, Wisconsin, Docket No. 8509, File No. BP-5800; for construction permit.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 28th day of August 1947;

The Commission having under consideration the above-entitled application requesting a construction permit for new standard broadcast station to operate on the frequency 1600 kc, with 1 kw power, daytime only, in West Allis, Wisconsin;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application be, and it is hereby, designated for hearing at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant corporation, its officers, directors and stockholders to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain primary service from the operation of the proposed station and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed station would involve objectionable interference with the Illinois State Police networks operating on the frequency 1610 kc, and, if so, the nature and extent thereof.

6. To determine whether the operation of the proposed station would involve objectionable interference with the services proposed in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

7. To determine whether the installation and operation of the proposed station would be in compliance with the Commission's rules and Standards of Good Practice Concerning Standard Broadcast Stations.

It is further ordered, That the Department of Public Safety of the State of Illinois, licensee of the networks operated by the Illinois State Police, be, and it is hereby, made a party to this proceeding.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8314; Filed, Sept. 9, 1947; 8:47 a. m.]

[Docket Nos. 8504, 8505]

UTAH VALLEY RADIO BROADCASTING CO. AND SPRINGVILLE RADIO CO.

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of Ray Dean Salmans and M. D. Close d/b as Utah Valley Radio Broadcasting Company, American Fork, Utah, Docket No. 8504, File No. BP-6009; W. W. Clyde and C. G. Salisbury, d/b as Springville Radio Company, Springville, Utah, Docket No. 8505, File No. BP-6210; for construction permits.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 28th day of August 1947;

The Commission having under consideration the above-entitled application of Ray Dean Salmans and M. D. Close, d/b as Utah Valley Radio Broadcasting Company, requesting a construction permit for a new standard broadcast station to operate on 1400 kc, with 250 w power, unlimited time, at American Fork, Utah, and the above-entitled application of W. W. Clyde and C. G. Salisbury, d/b as Springville Radio Company, requesting a construction permit for a new standard broadcast station to operate on 1400 kc, with 250 w power, unlimited time, at Springville, Utah;

It is ordered, That, pursuant to section 309 (a) of the Communications Act 1934 as amended, the said applications be, and they are hereby, designated for hearing in a consolidated proceeding at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial, and other qualification of the applicant partnership and the partners to construct and operate the proposed stations.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed stations and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program services proposed to be rendered and whether they would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed stations would involve objectionable interference, each with the other, or with the services proposed in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed stations would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine on a comparative basis which, if either, of the applications in this consolidated proceeding should be granted.

By the Commission.

[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8315; Filed, Sept. 9, 1947; 8:47 a. m.]

LAKE WORTH BROADCASTING CORP. INC., LAKE WORTH, FLA.

NOTICE CONCERNING THE PROPOSED TRANSFER OF CONTROL [1]

The Commission hereby gives notice that on August 28, 1947, there was filed with it an application (BTC-566) for transfer of control of Lake Worth Broadcasting Corporation, Inc., permittee of broadcast station WBLW, Lake Worth,

[1] Section 1.321, Part I, Rules of Practice and Procedure.

Florida, from James K. Edmundson, Charlotte Edmundson, Frank R. Knutti and Elaine Knutti to Clarence L. Menser, 737 Park Avenue, New York City. The proposal to transfer control of said company is grounded upon an agreement of August 13, 1947, under which the selling stockholders propose to dispose of all their holdings in said company, consisting of 30 shares, and to transfer their stock subscriptions (aggregating 220 shares) to said Menser for a total purchase price of $10,214.07, which amount is deposited in escrow with the Raleigh County Bank, Beckley, West Virginia. The arrangements include employment by Menser of Frank R. Knutti as station manager at $400.00 a month in addition to a bonus of 10% on the net profit of the station during said Knutti's employment under conditions related in the agreement. Purchaser also agrees to pay certain unpaid obligations including attorney and engineering fees aggregating $2,500. Further information as to the arrangements may be found with the application and associated papers which are on file at the offices of the Commission in Washington, D. C.

Pursuant to § 1.321 the Commission was advised August 27, 1947, that beginning on August 22, 1947, notice concerning the application was inserted in the Lake Worth Leader in conformity with § 1.321.

In accordance with the procedure set out in said section, no action will be had upon the application for a period of 60 days from August 22, 1947, within which time other persons desiring to apply for the facilities involved may do so upon the same terms and conditions as set forth in the above described contract.

(Sec. 310 (b), 48 Stat. 1086; 47 U. S. C. 310(b))

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8316; Filed, Sept. 9, 1947; 8:47 a. m.]

AM STATION WOOD, GRAND RAPIDS, MICH.

NOTICE CONCERNING PROPOSED ASSIGNMENT OF LICENSE

The Commission hereby gives notice that on August 29, 1947 there was filed with it an application (BAL-641) for its consent under section 310 (b) of the Communications Act to the proposed assignment of license of AM station WOOD, Grand Rapids, Michigan from American Broadcasting Company, Inc. to Grandwood Broadcasting Company. The proposal to assign the license arises out of a contract of August 22, 1947 pursuant to which said American Broadcasting Company, Inc. agrees to sell and said Grandwood Broadcasting Company agrees to buy 23,290 shares (23.29%) of the capital stock of King-Trendle Broadcasting Corporation, licensee of WOOD, Grand Rapids, Michigan, for a total consideration of $850,000 payable as follows: $75,000 deposited in escrow on July 21, 1947 and $775,000 to be paid in cash on granting of instant application. Thereafter, Grandwood Broadcasting Company will surrender the above described 23,290 shares of King-Trendle Broadcasting Company stock to the American Broadcasting Company, Inc. in return for which it will receive the fixed assets and goodwill constituting station WOOD, plus the net profits derived from the operation of this station from July 17, 1946 to the date of the transfer to Grandwood Broadcasting Company of such fixed assets and goodwill. Simultaneously, the license of WOOD will be assigned to Grandwood Broadcasting Company. Further information as to the arrangements may be found with the application and associated papers which are on file at the offices of the Commission in Washington, D. C.

Pursuant to § 1.321 which sets out the procedure to be followed in such cases including the requirement for public notice concerning the filing of the application, the Commission was advised by applicant on August 29, 1947 that starting on September 2, 1947 notice of the filing of the application would be inserted in a newspaper of general circulation at Grand Rapids, Michigan in conformity with the above section.

In accordance with the procedure set out in said section, no action will be had upon the application for a period of 60 days from September 2, 1947 within which time other persons desiring to apply for the facilities involved may do so upon the same terms and conditions as set forth in the above described contract.

(Sec. 310 (b), 48 Stat. 1086; 47 U. S. C. 310 (b))

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] WM. P. MASSING,
Acting Secretary.

[F. R. Doc. 47-8317; Filed, Sept. 9, 1947; 8:47 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G-933]

PANHANDLE EASTERN PIPE LINE CO.

ORDER FIXING DATE OF HEARING

Upon consideration of the application filed on August 8, 1947, by Panhandle Eastern Pipe Line Company (Applicant), a Delaware corporation having its principal office in Kansas City, Missouri, for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, authorizing the construction and operation of certain additional natural-gas facilities, subject to the jurisdiction of the Commission, as fully described in such application on file with the Commission and open to public inspection;

It appearing to the Commission that:

This proceeding is a proper one for disposition under the provisions of Rule 32 (b) (18 CFR 1.32 (b)) of the Commission's rules of practice and procedure (as amended June 16, 1947), Applicant having requested that its application be heard under the shortened procedure provided by the aforesaid rule for non-contested proceedings, and no request to be heard, protest or petition having been filed subsequent to the giving of due notice of the filing of the application, including publication in the FEDERAL REGISTER on August 28, 1947 (12 F. R. 5795).

The Commission, therefore, orders that:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, as amended, and the Commission's rules of practice and procedure (as amended June 16, 1947), a hearing be held on September 25, 1947, at 9:45 a. m. (e. d. s. t.), in the Hearing Room of the Federal Power Commission, 1800 Pennsylvania Avenue, NW., Washington, D. C., concerning the matters involved and the issues presented by such application: *Provided, however,* That the Commission may, after a non-contested hearing, forthwith dispose of the proceeding pursuant to the provisions of Rule 32 (b) of the Commission's rules of practice and procedure (as amended June 16, 1947).

(B) Interested State commissions may participate as provided by Rules 8 and 37 (f) (18 CFR 1.8 and 1.37 (f)) of the Commission's rules of practice and procedure.

Date of issuance: September 5, 1947.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 47-8288; Filed, Sept. 9, 1947; 8:45 a. m.]

[Docket No. IT-6004]

MONTANA-DAKOTA UTILITIES CO. AND NORTHWESTERN PUBLIC SERVICE CO.

NOTICE OF ORDER ALLOWING RATE SCHEDULES TO TAKE EFFECT AND DISMISSING COMPLAINT

SEPTEMBER 4, 1947.

In the matter of Montana-Dakota Utilities Co. and Northwestern Public Service Company, Docket No. IT-6004 and waiver of notice for filed rate schedules.

Notice is hereby given that, on September 4, 1947, the Federal Power Commission issued its order entered September 2, 1947, allowing rate schedules to take effect as of August 31, 1947, and dismissing complaint in the above-designated matter.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 47-8289; Filed, Sept. 9, 1947; 8:45 a. m.]

[Docket No. G-922]

LOUISIANA-NEVADA TRANSIT CO.

ORDER FIXING DATE OF HEARING

SEPTEMBER 4, 1947.

Upon consideration of the application filed on July 7, 1947 as supplemented on August 19, 1947, by Louisiana-Nevada Transit Company (Applicant) a Nevada corporation with principal offices in Ada,

Oklahoma, and Hope, Arkansas, for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, authorizing the construction and operation of certain additional natural-gas facilities, subject to the jurisdiction of the Commission, as fully described in such application on file with the Commission and open to public inspection;

It appearing to the Commission that:

This proceeding is a proper one for disposition under the provisions of Rule 32 (b) (18 CFR 1.32 (b)) of the Commission's rules of practice and procedure (as amended June 16, 1947), Applicant having requested that its application be heard under the shortened procedure provided by the aforesaid rule for non-contested proceedings, and no request to be heard, protest or petition having been filed subsequent to the giving of due notice of the filing of the application, including publication in the FEDERAL REGISTER on July 24, 1947 (12 F. R. 4911–2).

The Commission, therefore, orders that:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, as amended, and the Commission's rules of practice and procedure (as amended June 16, 1947), a hearing be held on September 18, 1947 at 9:30 a. m. (e. d. s. t.), in the Hearing Room of the Federal Power Commission, 1800 Pennsylvania Avenue NW., Washington, D. C., concerning the matters involved and the issues presented by such application: *Provided, however,* That the Commission may, after a non-contested hearing, forthwith dispose of the proceeding pursuant to the provisions of Rule 32 (b) of the Commission's rules of practice and procedure (as amended June 16, 1947).

(B) Interested State commissions may participate as provided by Rules 8 and 37 (f) (18 CFR 1.8 and 1.37 (f)) of the Commission's rules of practice and procedure.

Date of issuance: September 5, 1947.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 47–8299; Filed, Sept. 9, 1947; 8:50 a. m.]

[Project No. 1250]

CITY OF PASADENA, CALIFORNIA

NOTICE OF APPLICATION FOR AMENDMENT OF LICENSE

SEPTEMBER 5, 1947.

Public notice is hereby given, pursuant to the provisions of the Federal Power Act (16 U. S. C. 791–825r), that City of Pasadena, California, licensee for major Project No. 1250 (Azusa), located on San Gabriel River in Los Angeles County, California, has made application for amendment of the license for the project. Applicant proposes to abandon the existing powerhouse and to construct in a new location, a short distance south of the present building, a new concrete and steel structure containing one 3,400-horsepower turbine and one 3,000-kilovolt-ampere generator. Construction of a new penstock, modification of the tailrace and forebay, and replacement of the present transformer and switchgear are also proposed.

Any protest against the approval of this application or request for hearing thereon, with the reasons for such protest or request and the name and address of the party or parties so protesting or requesting, should be submitted before October 9, 1947, to the Federal Power Commission, at Washington, D. C.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 47–8300; Filed, Sept. 9, 1947; 8:50 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 70–1577]

PUBLIC SERVICE CO. OF OKLAHOMA ET AL.

ORDER GRANTING DECLARATIONS

At a regular session of the Securities and Exchange Commission, held at its office in the city of Philadelphia, Pa., on the 2d day of September A. D. 1947.

In the matter of Public Service Company of Oklahoma, Central and South West Corporation, The Lawton Corporation, File No. 70–1577.

Central and South West Corporation, a registered holding company, its public utility subsidiary, Public Service Company of Oklahoma ("Public Service") and The Lawton Corporation ("Lawton"), a wholly-owned non-utility subsidiary of Public Service, having filed joint declarations, and amendments thereto, pursuant to sections 12 (c), 12 (d) and 12 (f) of the Public Utility Holding Company Act of 1935 and Rules U-42, U-43 and U-44 promulgated thereunder regarding the following proposed transactions:

Public Service proposes to sell to Consolidated Gas Utilities Corporation ("Consolidated"), a non-affiliated company which is neither a registered holding company nor a subsidiary of a registered holding company, all the gas production, transmission and distribution properties of Public Service (except gas property used by Public Service for the supply of gas to its electric generating plants at McAlester and Weleetka, Oklahoma, all of which is classified as electric utility property) for a base purchase price of $2,737,071, payable in cash, subject to closing adjustments.

Lawton, which is engaged in producing and purchasing natural gas for sale to Public Service and producing and selling oil, has entered into a contract, which is conditioned upon the sale by Public Service of its gas properties to Consolidated, to sell all of its physical properties to Consolidated for $20,000 in cash, subject to closing adjustments. Upon the sale of its properties, Lawton proposes to liquidate and distribute its remaining assets, which will consist primarily of cash, to Public Service. Public Service will surrender the outstanding common stock of Lawton for cancellation.

Said declarations having been filed on July 28, 1947 and Notice of Filing having been duly given in the form and manner prescribed by Rule U-23 under said act, and the Commission not having received a request for hearing with respect to said declarations within the period specified in said Notice, or otherwise, and not having ordered a hearing thereon; and

Declarants having stated that no commission, other than this Commission, has jurisdiction over the transactions proposed by Public Service and Lawton and that Public Service has been informed that the proposed purchase by Consolidated is not subject to any regulatory authority; and

Declarants having stated that the sale of such gas properties is in compliance with an order of this Commission entered on February 16, 1945 pursuant to the provisions of section 11 (b) (1) of the act directed to The Middle West Corporation and its subsidiary companies and requiring, inter alia, Central and South West Utilities Company (predecessor of Central and South West Corporation) to divest itself of its interest in all natural gas properties of Public Service and declarants having stated that Public Service proposes, within twenty-four months from consummation of the proposed sale, to invest in electric utility plant or to expend the proceeds of such sale or amounts equivalent thereto, for such purpose or purposes specified in sections 371, 372 and 373 of the Internal Revenue Code as this Commission by subsequent orders may approve, and having requested that the Commission's order permitting said declarations to become effective conform to the requirements of sections 371, 372, 373 and 1808 (f) of the Internal Revenue Code, as amended, insofar as such sections are applicable; and

The Commission observing no basis for adverse findings under sections 12 (c), 12 (d), and 12 (f) of the act and the Rules thereunder with respect to the proposed transactions and deeming it appropriate in the public interest and in the interest of investors and consumers to permit said declarations, as amended, to become effective forthwith and deeming it appropriate to grant the request that the order herein conform to certain requirements of the Internal Revenue Code, as amended:

It is hereby ordered, Pursuant to Rule U-23 and the applicable provisions of the act and subject to the terms and conditions prescribed in Rule U-24, that said declarations, as amended, be, and hereby are, permitted to become effective forthwith.

It is further ordered and recited, That the sale by Public Service Company of Oklahoma of its gas utility properties located in the State of Oklahoma for a base price of $2,737,071 and the expenditures within twenty-four months from the transfer of such gas utility properties of $1,000,000 of the proceeds for the payment of notes of the Company evidencing bank loans and the remainder of such proceeds for property consisting of additions and extensions of its elec-

tric property are necessary or appropriate to the integration or simplification of the holding company system of which Public Service Company of Oklahoma is a member and are necessary or appropriate to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 47-8296; Filed, Sept. 9, 1947; 8:49 a. m.]

[File No. 70-1604]

PITTSBURGH RAILWAYS CO.

NOTICE OF FILING AND ORDER FOR HEARING

At a regular session of the Securities and Exchange Commission, held at its office in the city of Philadelphia, Pa., on the 4th day of September 1947.

Notice is hereby given that W. D. George and Thomas Fitzgerald, Trustees of Pittsburgh Railways Company, Debtor ("Trustees"), a subsidiary of Philadelphia Company, a registered holding company, which in turn is a subsidiary of Standard Gas and Electric Company, also a registered holding company, have filed an application pursuant to the applicable provisions of the Public Utility Holding Company Act of 1935 ("act") and the rules and regulations promulgated thereunder. Applicants have designated section 6 (b) of the act as applicable to the proposed transactions.

All interested persons are referred to said application which is on file in the office of this Commission for a statement of transactions therein proposed, which are summarized below:

The Trustees propose to partially finance the purchase of 100 new street cars through the issuance and sale under a Car Trust Indenture of Pittsburgh Railways Company Reorganization Trustees Car Trust Bonds, Series of 1947, in an aggregate principal amount ranging from $1,897,000 to $2,250,000, dated October 1, 1947, maturing in semi-annual installments over a period of eight years from the date thereof, bearing interest at rates varying with the maturity period of the bonds and ranging from 1½% to 3% per annum and averaging approximately 2.45% per annum.

The purpose of the proposed issuance and sale of the Car Trust bonds is to provide for the payment of approximately 75% of the estimated total purchase price of the cars of from $2,530,000 to $3,000,000. The balance of the cost of the cars will be paid out of funds of the debtor's estate then in the Trustees' hands.

The full amount of a fund sufficient to cover the cost of the cars (not less than $2,530,000 nor more than $3,000,000) will be paid and delivered by the Trustees to the Indenture Trustee in cash. Until the funds so paid to the Indenture Trustee are required to be expended from time to time for payment of the purchase price of the cars as such becomes due and payable, the Indenture Trustee proposes to keep the balance invested in United States Government securities.

The Trustees propose to sell the Car Trust Bonds to five commercial banks in Pittsburgh, Pennsylvania, at par plus accrued interest to date of delivery, the names of said five commercial banks and the amount of the proposed minimum issue of $1,897,000 to be purchased by each being stated as follows:

Mellon National Bank and Trust Company	$997,000
The Farmers Deposit National Bank of Pittsburgh	250,000
Peoples First National Bank & Trust Company	500,000
The Colonial Trust Company	75,000
The Union National Bank of Pittsburgh	75,000

As and if additional bonds, not in excess of $353,000, are required to be issued as aforesaid, depending upon the ultimate cost of the street cars, said additional amount of bonds will be purchased by Mellon National Bank and Trust Company, The Farmers Deposit National Bank of Pittsburgh and Peoples First National Bank & Trust Company in approximately the same proportion as their subscriptions shown above bear to each other.

Each of said purchasers has represented and warranted that it will acquire the said bonds solely for investment and that it has no present intention of reselling or distributing such bonds.

The Trustees state in the application that Rule U-50 is inapplicable to the proposed issuance and sale of the Car Trust Bonds by reason of the specific exemption provided in sub-paragraph (2) of paragraph (a) thereof.

It appearing to the Commission that it is appropriate in the public interest and in the interest of investors and consumers that a hearing be held with respect to the matters set forth in said application and that said application should not be permitted to become effective except pursuant to further order of this Commission:

It is ordered, That a hearing on said application, pursuant to the applicable provisions of the act and the rules and regulations thereunder, be held on September 16, 1947 at 10:00 a. m., e. d. s. t., at the offices of this Commission, 18th and Locust Streets, Philadelphia 3, Pennsylvania. On such date the hearing room clerk in Room 318 will advise as to the room in which such hearing shall be held. Any persons desiring to be heard or otherwise wishing to participate in these proceedings shall file with the Secretary of this Commission, on or before September 15, 1947, a written request relative thereto as provided by Rule XVII of the Commission's rules of practice.

It is further ordered, That Edward C. Johnson, or any other officer or officers of this Commission designated by it for that purpose shall preside at such hearing. The officer so designated to preside at such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of the act and to a hearing officer under the Commission's rules of practice.

The Public Utilities Division of the Commission having advised the Commission that it has made a preliminary examination of the application and that upon the basis thereof, the following matters and questions are presented for consideration without prejudice to its specifying additional matters or questions upon further examination:

(a) Whether the proposed issue and sale of Car Trust Bonds by the Trustees are exempt from the provisions of sections 6 (a) and 7 of the act pursuant to section 6 (b) thereof and, if not, whether said issue and sale meet with the requirements of section 7 of the act.

(b) Whether, in view of the fact that there are now in the hands of the Trustees large amounts of cash and United States Government securities, aggregating approximately $23,900,000 as of June 30, 1947, the proposed issue and sale of Car Trust Bonds by the Trustees is solely for the purpose of financing the business of such Trustees within the meaning of the third sentence of section 6 (b) of said act, and (if the requested exemption under section 6 (b) of the act is not available) whether the financing by the issue and sale of said Car Trust Bonds is necessary or appropriate to the economical and efficient operation of the business of said Trustees within the meaning of clause (3) of section 7 (d) of said act.

(c) Whether the terms and conditions of the issue and sale of the Car Trust Bonds by the Trustees are detrimental to the public interest or to the interests of investors.

(d) Whether the proposed accounting entries to be recorded in connection with the proposed transactions are proper and conform with sound accounting principles and meet the standards of the act.

(e) Whether the fees, commissions and other remuneration to be paid in connection with the proposed transactions are for necessary services and are reasonable in amount.

(f) What terms and conditions, if any, with respect to the proposed transactions should be prescribed in the public interest or for the protection of investors.

It is further ordered, That at said hearing evidence shall be adduced with respect to the foregoing matters and questions.

It is further ordered, That the Secretary of the Commission shall serve a copy of this order by registered mail on W. D. George and Thomas Fitzgerald, Trustees of Pittsburgh Railways Company, Debtor, and the Public Utility Commission of Pennsylvania and that notice of said hearing shall be given to all of Pennsylvania and that notice of said hearing shall be given to all other persons by general release of this Commission which shall be distributed to the press and mailed to the mailing list for releases under the Public Utility Holding Company Act of 1935 and by publication of this order in the FEDERAL REGISTER.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 47-8297; Filed, Sept. 9, 1947; 8:50 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

AUTHORITY: 40 Stat. 411, 55 Stat. 839, Pub. Laws 322, 671, 79th Cong., 60 Stat. 50, 925; 50 U. S. C. and Supp. App. 1, 616, E. O. 9193, July 6, 1942, 3 CFR, Cum. Supp., E. O. 9567, June 8, 1945, 3 CFR, 1945 Supp., E. O. 9788, Oct. 14, 1946, 11 F. R. 11981.

[Return Order 30]

UNDERWOOD CORP.

The Vested Property Claims Committee having considered the claim set forth below and having issued a Final Determination with respect thereto, which is incorporated by reference herein and filed herewith, and no personal review of such final determination having been requested or undertaken,

It is ordered, That the claimed property, described below and in the final determination, including all royalties accrued thereunder and all damages and profits recoverable for past infringement thereof, be returned after adequate provision for conservatory expenses:

Claimant and claim No.	Notice of intention to return published	Property
Underwood Corp., a Delaware corporation, with principal place of business at New York, N. Y. Claim No. A-182.	12 F. R. 3757, June 7, 1947.	All right, title and interest in and to the following patents, vested under Vesting Order No. 27 (7 F. R. 4629, June 23, 1942), Vesting Order No. 112 (7 F. R. 7785, October 1, 1942), and Vesting Order No. 201 (7 F. R. 625, January 16, 1943): United States Letters Patent Nos.: 2,257,409, 1,922,971, 2,132,192, 2,286,887, 1,935,858, 2,143,428, 2,288,323, 1,936,034, 2,143,741, 1,566,962, 1,947,620, 2,162,691, 1,573,751, 1,959,779, 2,173,635, 1,579,151, 2,033,439, 2,173,636, 1,582,788, 2,046,524, 2,186,642, 1,708,066, 2,059,652, 2,228,035, 1,789,661, 2,071,880, 2,236,642, 1,804,103, 2,091,133, 2,266,366, 1,862,240, 2,110,987, 2,268,166, 1,913,892. All right, title and interest in and to Patent Application Serial No. 287,671, vested under Vesting Order No. 68 (7 F. R. 6181, August 11, 1942). All right, title and interest in and to the following patents, vested as patent applications under Vesting Order No. 68 (7 F. R. 6181, August 11, 1942): United States Letters Patent Nos.: 2,297,243 (vested as Patent Application Serial No. 147,588). 2,308,906 (vested as Patent Application Serial No. 241,673). 2,308,924 (vested as Patent Application Serial No. 287,670). 2,390,163 (vested as Patent Application Serial No. 86,664). 2,347,235 (vested as Patent Application Serial No. 146,897). 2,347,610 (vested as Patent Application Serial No. 182,336). 2,351,898 (vested as Patent Application Serial No. 219,076). 2,322,996 (vested as Patent Application Serial No. 219,077). 2,342,782 (vested as Patent Application Serial No. 219,078). 2,322,997 (vested as Patent Application Serial No. 229,026). 2,351,896 (vested as Patent Application Serial No. 241,672). 2,351,897 (vested as Patent Application Serial No. 251,634). 2,364,025 (vested as Patent Application Serial No. 259,030). 2,335,251 (vested as Patent Application Serial No. 280,405). 2,371,826 (vested as Patent Application Serial No. 287,668). 2,369,574 (vested as Patent Application Serial No. 287,669). 2,380,508 (vested as Patent Application Serial No. 287,672). 2,361,707 (vested as Patent Application Serial No. 301,289). 2,408,097 (vested as Patent Application Serial No. 310,079). 2,382,661 (vested as Patent Application Serial No. 310,080). 2,399,890 (vested as Patent Application Serial No. 326,111). 2,378,527 (vested as Patent Application Serial No. 338,272). 2,352,006 (vested as Patent Application Serial No. 363,552). 2,341,588 (vested as Patent Application Serial No. 363,566). 2,392,515 (vested as Patent Application Serial No. 373,996). This return shall not be deemed to include the rights of any licensees under the patents or patent applications above listed.

Appropriate documents and papers effectuating this order will issue.

Executed at Washington, D. C., on August 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8329; Filed, Aug. 27, 1947; 4:28 p. m.]

[Vesting Order 9627]

RICHARD WATJEN

In re: Bank account, common warrants and part share in allowed claims owned by Richard Watjen. F-28-2689-A-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Richard Watjen, whose last known address is Berlin, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows:

a. That certain debt or other obligation owing to Richard Watjen, by Central Hanover Bank & Trust Company, 70 Broadway, New York 15, New York, arising out of a Custody Account, entitled Richard Watjen, and any and all rights to demand, enforce and collect the same,

b. Four (4) common warrants of Curtiss Wright Corporation, 30 Rockefeller Plaza, New York 20, New York, a corporation organized under the laws of the State of Delaware, evidenced by a certificate numbered W14873, registered in the name of Sigler & Co., and presently in the custody of Central Hanover Bank & Trust Company, 70 Broadway, New York 15, New York, together with all rights thereunder and thereto, and

c. All right title and interest of Richard Watjen in allowed claim under guarantee of State Title and Mortgage Company, 347 86th Street, Brooklyn, New York, claim GM285, date allowed 11/22/40, guarantee No. 11295, allowed claim No. 30223,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 7, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8319; Filed, Sept. 9, 1947; 8:48 a. m.]

[Vesting Order 9613]

H. FINSCHER

In re: Debt owing to and certificate of deposit and bonds owned by H. Finscher, also known as Hermann Finscher. F-28-4474-A-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That H. Finscher, also known as Hermann Finscher, whose last known address is Nebelthaustrasse 1, Kassel,

Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows:

a. That certain debt or other obligation owing to H. Finscher, also known as Hermann Finscher, by The National City Bank of New York, 55 Wall Street, New York 15, New York, arising out of a custodian cash account, entitled H. Finscher, together with any and all accruals thereto, and any and all rights to demand, enforce and collect the same,

b. Those certain coupon bonds described in Exhibit A, attached hereto and by reference made a part hereof, and presently in the custody of The National City Bank of New York, 55 Wall Street, New York 15, New York, together with any and all rights thereunder and thereto, and

c. One (1) Certificate of Deposit for one City of Bogota, Republic of Colombia, External Sinking Fund Gold 8% Bond of 1924, due October 1, 1945, bearing the number GM010, registered in the name of Hermann Finscher, and presently in the custody of The National City Bank of New York, 55 Wall Street, New York 15, New York, together with any and all rights thereunder and thereto,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 7, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

EXHIBIT A

Name of issuer	Type of bond	Certificate No.	Face value
United States of Brazil	20-year external 8%, due June 1, 1941	M18957	$1,000
Republic of Costa Rica	Pacific Ry., 7½%, due Sept. 1, 1949, Series E	120	1,000
		121	1,000
	Pacific Ry., funding 5%, of 1933, due Sept. 1, 1949	684	300
		685	300
Kingdom of Hungary	Hungarian Consolidated Municipal Loan secured 7½%, due July 1, 1945.	M1392	1,000
		M2866	1,000
		M2903	1,000
		M7129	1,000
Republic of Peru	External secured sinking fund gold 7% of 1927, due Sept. 1, 1959.	M9582	1,000
		M9583	1,000
City of Rio de Janeiro	25-year external sinking fund gold 8%, due Oct. 1, 1946.	M7265	1,000
		M7673	1,000
State of Sao Paulo (San Paulo)	25-year secured sinking fund gold 8%, due at 105, Jan. 1, 1950.	M2554	1,000
		M2555	1,000

[F. R. Doc. 47-8318; Filed, Sept. 9, 1947; 8:47 a. m.]

[Vesting Order 9647]

ERNA BLANK AND FRANZ R. C. UNMACK

In re: Stock owned by Erna Blank and Franz R. C. Unmack. F-28-23610-D-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Erna Blank and Franz R. C. Unmack, whose last known addresses are Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the property described as follows: Ten (10) shares of $10.00 par value capital stock of Pan-American Life Insurance Company, Whitney Building, New Orleans, Louisiana, evidenced by certificate number 896, dated December 6, 1911, registered in the name of Rudolf Unmack, c/o Dr. Walter Blanck, together with all declared and unpaid dividends thereon,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country;

and it is hereby determined:

3. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 13, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8320; Filed, Sept. 9, 1947; 8:48 a. m.]

[Vesting Order 9666]

ANNIE SCHEUERL

In re: Bank accounts and stock owned by and a debt owing to Annie Scheuerl. F-28-1820-A-1, F-28-1820-C-1, F-28-1820-D-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Annie Scheuerl, whose last known address is Niederkaufungen Kreis Kassel, Kirchplatz 9, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows:

a. That certain debt or other obligation owing to Annie Scheuerl, by Industrial Bank of Commerce, 56 East 42d Street, New York, New York, arising out of a bank account, Account Number H3755, entitled Annie Scheuerl, and any and all rights to demand, enforce and collect the same,

b. That certain debt or other obligation of The Chase National Bank of the City of New York, 18 Pine Street, New York, New York, arising out of a checking account, entitled W. D. McLean, Special, maintained at the branch office of the aforesaid bank located at 60 East 42d Street, New York, New York, and any and all rights to demand, enforce and collect the same,

c. That certain debt or other obligation owing to Annie Scheuerl, by Wallace D. McLean, 56 East 42d Street, New York, New York, in the amount of $1,063.75, as of December 31, 1945, together with any and all accruals thereto, and any and all rights to demand, enforce and collect the same,

d. Three hundred (300) shares of $10.00 per value capital stock of Industrial Bank of Commerce (Formerly Morris Plan Industrial Bank of New York), 56 East 42d Street, New York, New York, a corporation organized under the laws of the State of New York, evidenced by certificates numbered D 568 for 45 shares, D 302 for 55 shares, D 438 for 100 shares, D 657 and D 753 for 50 shares each, registered in the name of W. D. McLean, and presently in the custody

of W. D. McLean, 56 East 42d Street, New York, New York, together with all declared and unpaid dividends thereon,

e. Six (6) shares of no par value $5.00 cumulative preferred capital stock of Crown Zellerbach Corporation, 343 Sansome Street, San Francisco, California, a corporation organized under the laws of the State of Nevada, evidenced by a certificate numbered SF 012065, registered in the name of Annie Scheuerl, and presently in the custody of Wallace D. McLean, 56 East 42d Street, New York, New York, together with all declared and unpaid dividends thereon and all rights of redemption, and

f. One (1) share of $5.00 par value common capital stock of Crown Zellerbach Corporation, 343 Sansome Street, San Francisco, California, a corporation organized under the laws of the State of Nevada, evidenced by a certificate number SF 016011, registered in the name of Annie Scheuerl, and presently in the custody of Wallace D. McLean, 56 East 42d Street, New York, New York, together with all declared and unpaid dividends thereon,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 13, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8321; Filed, Sept. 9, 1947; 8:48 a. m.]

[Vesting Order 9706]

FRANK H. BOLLMAN

In re: Estate of Frank H. Bollman, deceased. File D-28-9917; E. T. sec. 14058.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Bernadina Bollman, whose last known address is Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of the person named in subparagraph 1 hereof in and to the estate of Frank H. Bollman, deceased, is property payable or deliverable to, or claimed by, the aforesaid national of a designated enemy country (Germany);

3. That such property is in the process of administration by Robert F. Groneman as Administrator, acting under the judicial supervision of the Probate Court of Hamilton County, Ohio;

and it is hereby determined:

4. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8322; Filed, Sept. 9, 1947; 8:48 a. m.]

[Vesting Order 9712]

HERMANN BIEDERLACK & CO.

In re: Bank account owned by Hermann Biederlack & Co.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Hermann Biederlack & Co., the last known address of which is Greven, Westphalia, Germany, is a limited partnership organized under the laws of Germany, and which has or, since the effective date of Executive Order 8389, as amended, has had its principal place of business in Germany and is a national of a designated enemy country (Germany);

2. That the property described as follows: That certain debt or other obligation of Wachovia Bank and Trust Company, Charlotte, North Carolina, arising out of a blocked account entitled Hans Biederlack, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by Hermann Biederlack & Co., the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8323; Filed, Sept. 9, 1947; 8:48 a. m.]

[Vesting Order 9714]

ANNA GRASSMANN AND JOSEPH GRASSMANN

In re: Bank account owned by Anna Grassmann also known as Annie Grasmann and Joseph Grassmann also known as Joseph Grasmann. F-28-2271-E-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Anna Grassmann also known as Annie Grasmann and Joseph Grassmann also kown as Joseph Grasmann, whose last known addresses are Donneisberger Str. 50, Munich, Bavaria, Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the property described as follows: That certain debt or other obligation owing to Anna Grassmann also known as Annie Grasmann and Joseph Grassmann also known as Joseph Grasmann, by The Williamsburg Savings Bank, One Hansen Place, Brooklyn, New York, arising out of a Savings Account, account number 44517, entitled Joseph Grassmann or Anna Grassmann, main-

tained at the aforesaid bank, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8324; Filed, Sept. 9, 1947; 8:48 a. m.]

[Vesting Order 9720]

Y. KOTACHI AND T. MIZOGUCHI

In re: Debts owing to Y. Kotachi and T. Mizoguchi.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Y. Kotachi and T. Mizoguchi, whose last known addresses are Japan, are residents of Japan and nationals of a designated enemy country (Japan);

2. That the property described as follows: That certain debt or other obligation of Despatch Moving & Storage Co., 248 West 108th Street, New York, New York, evidenced by a check drawn on the Corn Exchange Bank Trust Company, payable to the order of Y. Kotachi, in the amount of $2.50, Number 1588, dated December 2, 1941, and presently in the custody of the Attorney General, together with any and all rights to demand, enforce and collect the aforesaid debt or other obligation, and any and all accruals thereto, together with any and all rights in, to and under the aforesaid check,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, Y. Kotachi, the aforesaid national of a designated enemy country (Japan);

3. That the property described as follows: That certain debt or other obligation of the Chase Safe Deposit Company, Produce Exchange Branch, 25 Broadway, New York, New York, evidenced by a check drawn on the Chase National Bank, payable to T. Mizoguchi, in the amount of $4.50, Number 1083, dated December 4, 1941, and presently in the custody of the Attorney General, together with any and all rights to demand, enforce and collect the aforesaid debt or other obligation, and any and all accruals thereto, together with any and all rights in, to and under the aforesaid check,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, T. Mizoguchi, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

4. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8326; Filed, Sept. 9, 1947; 8:49 a. m.]

[Vesting Order 9611]

AUGUST FABER ET AL.

In re: Stock owned by August Faber and others. F-28-22317-D-1, F-28-6137-D-2, F-28-22318-D-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That August Faber, Anna Maehl and Helene Weber, whose last known addresses are Germany, are residents of Germany, and nationals of a designated enemy country (Germany);

2. That the property described as follows: Twenty (20) shares of no par value preferred capital stock of Cities Service Company, 60 Wall Street, New York 5, New York, a corporation organized under the laws of the State of Delaware, evidenced by the certificates listed below, registered in the names of the persons listed below, in the amounts appearing opposite each name as follows:

Registered owner	Certificate Nos.	Number of shares
August Faber	645	5
Anna Maehl	99682	10
Helene Weber	6887	5

together with all declared and unpaid dividends thereon,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 7, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8282; Filed, Sept. 8, 1947; 8:54 a. m.]

[Vesting Order 9723]

CARMELITA MUELLER MEYERHOFF

In re: Bank accounts owned by Carmelita Mueller Meyerhoff and others.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That the persons named in Exhibit A, attached hereto and by reference made a part hereof, whose last known addresses are as set forth in Exhibit A, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the property described as follows: Those certain debts or other obligations owing to the persons named in Exhibit A, by American Trust Company, 464 California Street, San Francisco, California, arising out of the savings accounts, entitled and numbered as set forth opposite the names of the persons listed in the aforesaid Exhibit A, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons referred to in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

EXHIBIT A

Name and last known address of owner	Account No.	Title of account	OAP file No.
Carmelita Mueller Meyerhoff, Gottingen, Germany.	1064	Carmelita Mueller Meyerhoff	F-28-7838-E-1.
Lina Ahlers, Lipperode, Germany	7661	Lina Ahlers	F-28-24854-E-1.
Anna Fick, nee Claussen, Koehlen, Germany	4370	Anna Fick, nee Claussen	F-28-25250-C-1; E-1.
Hulda Geilenkeuser, Oberkassel, Germany	5051	Hulda Geilenkeuser	F-28-25594-E-1.
Otto Schnetker, Goerlitz, Germany	7605	Otto Schnetker	F-28-25960-E-1.
August Schnetker, Wesel, Rheinprovinz, Germany.	7606	August Schnetker	F-28-25961-E-1.
Adolph Schnetker, Dortmund-Marten, Germany	7604	Adolf Schnetker	F-28-25962-E-1.
Gustav Meier, Hutzel, Germany	7662	Gustav Meier	F-28-26336-E-1.
Heinrich Meier, Barkhausen, Germany	7664	Heinrich Meier	F-28-26337-E-1.
Ernst Meier, Hoerste, Germany	7670	Ernst Meier	F-28-26338-E-1.
Berta Meier, Karlsruhe, Germany	7669	Berta Meier	F-28-26339-E-1.
Wilhelm Meier, Detmold, Germany	7663	Wilhelm Meier	F-28-26343-E-1.
Minna Meier, Ittenbeck, Germany	7666	Minna Meier	F-28-26345-E-1.
Martha Meier, Detmold, Germany	7668	Martha Meier	F-28-26347-E-1.
Marie Meier, Neuenhaus, Germany	7667	Marie Meier	F-28-26348-E-1.
Heinrich Koch, Hamburg, Germany	4199	Heinrich Koch	F-28-26424-E-1.
Franz Koch, Ulemnstrasse 182, Germany	4192	Franz Koch	F-28-26425-E-1.
Anna Margaretha Elise Lohrig, Wedel (Holstein), Germany.	4298	Anna Margaretha Elise Lohrig.	F-28-26504-E-1.
Wilhelm Lehmker, Wachholz, Germany	6158	Wilhelm Lehmker	F-28-23957-E-1.
Johann Lehmker, Freschjuneberg, Germany	6357	Johann Lehmker	F-28-23958-E-1.
Hermann Lehmker, also known as Herman Lehmker, Wehldorf, Germany.	6016	Hermann Lehmker	F-28-23959-E-1.
George Lehmker, Beverstedt, Germany	6325	George Lehmker	F-28-23960-E-1.

[F. R. Doc. 47-8327; Filed, Sept. 9, 1947; 8:49 a. m.]

[Vesting Order 9728]

FRITZ STOCK ET AL.

In re: Debts owing to Fritz Stock and others. F-28-28387-E-1, F-28-28375-E-1, F-28-28376-E-1, F-28-28378-E-1, F-28-28355-E-1, F-28-28368-E-1, and others.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Fritz Stock, whose last known address is Lettow Vorbeck Str., Hagen, Germany; Josephine Jell and Anton Jell, each of whose last known address is Bayerische Hypotheken und Wechsel Bank, Munchen, Brieffach, Germany; Emile Theurer and Otto Lelleih, each of whose last known address is Berlin-Spandow, Brait Strasse 54, Germany; Karl Merz and Frieda Merz, each of whose last known address is c/o Julius Klein, Rote Str. 27, Stuttgart, Germany; and John Fleck, whose last known address is Ludwigshafen A/R/H, Wollstrasse 123, Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That A. R. Fette G. m. b. H., the last known address of which is P. O. Box 512, Wuppertal, Elberfeld, Germany, is a corporation organized under the laws of Germany and which has or, since the effective date of Executive Order 8389, as amended, has had its principal place of business in Germany and is a national of a designated enemy country (Germany);

3. That the persons whose names and last known addresses are set forth in Exhibit A, attached hereto and by reference made a part hereof, are residents of Germany and nationals of a designated enemy country (Germany);

4. That the property described as follows:

a. That certain debt or other obligation owing to Fritz Stock by Superintendent of Banks of State of New York as Trustee for Depositors and Creditors of Globe Bank & Trust Co., State Office Building, Albany, New York, arising out of a special interest account entitled Fritz Stock, and any and all rights to demand, enforce and collect the same,

b. That certain debt or other obligation owing to Josephine Jell and Anton Jell by Superintendent of Banks of State of New York as Trustee for Depositors and Creditors of Globe Bank & Trust Co., State Office Building, Albany, New York, arising out of a special interest account entitled Josephine & Anton Jell, and any and all rights to demand, enforce and collect the same,

c. That certain debt or other obligation owing to Emile Theurer and Otto Lelleih by Superintendent of Banks of State of New York as Trustee for Depositors and Creditors of American Union Bank, State Office Building, Albany, New York, arising out of a special interest account entitled Emile Theurer & Otto Lelleih, and any and all rights to demand, enforce and collect the same,

d. That certain debt or other obligation owing to Karl Merz and Frieda Merz by Superintendent of Banks of State of New York as Trustee for Depositors and Creditors of American Union Bank, State Office Building, Albany, New York, arising out of a special interest account entitled Karl & Frieda Merz, and any and all rights to demand, enforce and collect the same, and

e. That certain debt or other obligation owing to Joh Fleck by Superintendent of Banks of State of New York as Trustee for Depositors and Creditors of Bank of Europe Trust Company, State Office Building, Albany, New York, arising out of a special interest account entitled Joh Fleck, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by the persons named in subparagraph 1 hereof, the aforesaid nationals of a designated enemy country (Germany);

5. That the property described as follows: That certain debt or other obligation owing to A. R. Fette G. m. b. H. by Superintendent of Banks of State of New York as Trustee for Depositors and Creditors of Times Square Trust Co., State Office Building, Albany, New York, arising out of a commercial account entitled A. R. Fette G. m. b. H., and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by A. R. Fette G. m. b. H., the aforesaid national of a designated enemy country (Germany);

6. That the property described as follows: Those certain debts or other obligations owing to the persons whose names are set forth in Exhibit A by Superintendent of Banks of State of New York as Trustee for Depositors and Creditors of Times Square Trust Co., State Office Building, Albany, New York, arising out of the special interest ac-

counts whose titles appear opposite said names in Exhibit A, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by the persons whose names are set forth in Exhibit A, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

7. That to the extent that the persons named in subparagraphs 1 and 2 hereof and the persons referred to in subparagraph 3 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

EXHIBIT A

Names and last known address of creditors	Titles of special interest accounts	File No.
Carl Bannow and Minna Bannow, Lubeck Carlshofam Schellbruch 2, Germany.	Carl or Minna Bannow	F-28-160-E-2.
Arnold Buettner, c/o A. Lieberoth, Leipzig, Bruhl 7-9, Germany.	Arnold Buettner	F-28-28306-E-1.
Korth Cortini, Berlin-Glienicke-Nord, Nebl Str 14, Germany	Korth Cortini	F-28-28367-E-1.
Walter Gorell, c/o Meier M. Mendorf, bei, Wisman M. Schev, Germany.	Walter Gorell	F-28-28369-E-1.
Edmund Hartenberger, Jr., c/o Das Programme, Zimmerstrasse, Berlin, Germany.	Edmund Hartenberger, Jr.	F-28-28371-E-1.
Leopold Hartenberger, Jr., Zimmerstrasse 7-8, Berlin, Germany.	Leopold Hartenberger, Jr.	F-28-28372-E-1.
Theresa Hartenberber, c/o Das Programme Schiffbauerdamm 15, Berlin, Germany.	Theresa Hartenberger	F-28-28374-E-1.
Mrs. Andreas Marezell, N. 58 Senefelverstr, Berlin, Germany	Mrs. Andreas Marezell	F-28-28377-E-1.
Herbert Aurora Morgenroth, Polkwitz, Schlesien, Germany	Herbert Aurora Morgenroth	F-28-28378-E-1.
E. J. Van de Velde and Anna Van de Velde, 22 Heiligenbeyer Strasse, Karlsburt, Germany.	E. J. & Anna Van de Velde	F-28-28390-E-1.

[F. R. Doc. 47-8328; Filed, Sept. 9, 1947; 8:49 a. m.]

[Vesting Order 9656]

G. KAWAMOTO

In re: Stock owned by G. Kawamoto, F-39-1847-D-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That G. Kawamoto, whose last known address is Hiroshima, Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows: Twenty-eight (28) shares of common capital stock of California-Western States Life Insurance Company, 926 J Street, Sacramento, California, a corporation organized under the laws of the State of California, evidenced by a certificate numbered L11467, registered in the name of G. Kawamoto, together with all declared and unpaid dividends thereon,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 13, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8283; Filed, Sept. 8, 1947; 8:54 a. m.]

[Vesting Order 9664]

JOHANNA OSTENDORF, JR.

In re: Stock owned by Johanna Ostendorf, Jr., also known as Johanna Oostendorp. F-28-25276-D-1.

Under the authority of the Trading with the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Johanna Ostendorf, Jr., also known as Johanna Oostendorp, whose last known address is Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: Forty (40) shares of $100.00 par value capital stock of The Cleveland Trust Company, 916 Euclid Avenue, Cleveland 1, Ohio, a corporation organized under the laws of the State of Ohio, evidenced by certificates numbered 26570 for fifteen (15) shares, and 26805 for twenty-five (25) shares, registered in the name of Peter H. Schaefers, together with all declared and unpaid dividends thereon,

is property with the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on August 13, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 47-8284; Filed, Sept. 8, 1947; 8:54 a. m.]